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1 AN ACT concerning public employee benefits.

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

4 Section 1. Legislative statement.

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

13 The State has taken significant action to address these  
14 fiscal troubles, including, but not limited to, increasing the  
15 income tax and reducing pension benefits for future employees.  
16 Further, the State has enacted a series of budgets over the  
17 last several fiscal years that resulted in deep cuts to  
18 important discretionary programs that are essential to the  
19 people of Illinois.

20 At the time of passage of this amendatory Act of the 98th  
21 General Assembly, the State's retirement systems have unfunded  
22 actuarially accrued liabilities of approximately \$100 billion.  
23 Meanwhile, the State's annual pension contribution has  
24 substantially increased in recent years, and will continue to

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1 increase in coming years. The General Assembly recognizes that  
2 without significant pension reform, the unfunded liability and  
3 the State's pension contribution will continue to grow, and

4 further burden the fiscal stability of both the State and its  
5 retirement systems.

6 This amendatory Act of the 98th General Assembly is  
7 intended to address the fiscal issues facing the State and its  
8 retirement systems in a manner that is feasible, consistent  
9 with the Illinois Constitution, and advantageous to both the  
10 taxpayers and employees impacted by these changes. Having  
11 considered other alternatives that would not involve changes to  
12 the retirement systems, the General Assembly has determined  
13 that the fiscal problems facing the State and its retirement  
14 systems cannot be solved without making some changes to the  
15 structure of the retirement systems. As a result, this  
16 amendatory Act requires more fiscal responsibility of the  
17 State, while minimizing the impact on current and retired State  
18 employees.

19 Going forward, the automatic annual increase in retirement  
20 annuity will be based on a participant's years of service to  
21 the State and inflation, which more accurately reflects changes  
22 in the cost of living. For participants who have yet to receive  
23 an annuity, a pensionable salary cap will be imposed; however,  
24 it will only impact future salary increases that exceed a cap.  
25 Those workers 45 years of age and younger will be required to  
26 work an additional 4 months for each year under 46, which

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1 results in a minimal increase in retirement age given that the  
2 life expectancy for a 45 year old is 87 years of age. Current  
3 employees will receive a 1% reduction in required employee  
4 contributions. With these changes, the State can adopt an  
5 actuarially sound funding formula that will result in the  
6 pension systems achieving 100% funding no later than 2044. The  
7 State will also make additional contributions that will  
8 considerably aid in reducing the unfunded actuarially accrued  
9 liability.

10 The General Assembly finds that this amendatory Act of the  
11 98th General Assembly will lead to fiscal stability for the

12 State and its pension systems.

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

16 (5 ILCS 315/4) (from Ch. 48, par. 1604)

17 Sec. 4. Management Rights. Employers shall not be  
18 required to bargain over matters of inherent managerial policy,  
19 which shall include such areas of discretion or policy as the  
20 functions of the employer, standards of services, its overall  
21 budget, the organizational structure and selection of new  
22 employees, examination techniques and direction of employees.  
23 Employers, however, shall be required to bargain collectively  
24 with regard to policy matters directly affecting wages, hours

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1 and terms and conditions of employment as well as the impact  
2 thereon upon request by employee representatives, except as  
3 provided in Section 7.5.

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

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

18 Nothing in this amendatory Act of the 94th General Assembly  
19 shall be construed to intrude upon the judicial functions of

20 any court. This amendatory Act of the 94th General Assembly  
21 applies only to nonjudicial administrative matters relating to  
22 the collective bargaining rights of court reporters.  
23 (Source: P.A. 94-98, eff. 7-1-05.)

24 (5 ILCS 315/7.5 new)

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

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1 (a) Notwithstanding any 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 Article 1 of that Code as it applies to those  
6 Articles, made by this amendatory Act of the 98th General  
7 Assembly, or over any other provision of Article 14, 15, or 16  
8 of the Illinois Pension Code, or of Article 1 of that Code as  
9 it applies to those Articles, which are prohibited subjects of  
10 bargaining; nor shall the changes, the impact of changes, or  
11 the implementation of changes made to Article 14, 15, or 16 of  
12 the Illinois Pension Code, or to Article 1 of that Code as it  
13 applies to those Articles, by this amendatory Act of the 98th  
14 General Assembly or any other provision of Article 14, 15, or  
15 16 of the Illinois Pension Code, or of Article 1 of that Code  
16 as it applies to those Articles, be subject to interest  
17 arbitration or any award issued pursuant to interest  
18 arbitration. The provisions of this Section shall not apply to  
19 an employment contract or collective bargaining agreement that  
20 is in effect on the effective date of this amendatory Act of  
21 the 98th General Assembly. However, any such contract or  
22 agreement that is subsequently modified, amended, or renewed  
23 shall be subject to the provisions of this Section. The  
24 provisions of this Section shall also not apply to the ability  
25 of an employer and employee representative to bargain  
26 collectively with regard to the pick up of employee

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1 contributions pursuant to Section 14-133.1, 15-157.1, or  
 2 16-152.1 of the Illinois Pension Code.

3 (b) Nothing in this Section, however, shall be construed as  
 4 otherwise limiting any of the obligations and requirements  
 5 applicable to each employer under any of the provisions of this  
 6 Act, including, but not limited to, the requirement to bargain  
 7 collectively with regard to policy matters directly affecting  
 8 wages, hours and terms and conditions of employment as well as  
 9 the impact thereon upon request by employee representatives,  
 10 except for the matters deemed prohibited subjects of bargaining  
 11 under subsection (a) of this Section. Nothing in this Section  
 12 shall further be construed as otherwise limiting any of the  
 13 rights of employees or employee representatives under the  
 14 provisions of this Act, except for matters deemed prohibited  
 15 subjects of bargaining under subsection (a) of this Section.

16 (c) In case of any conflict between this Section and any  
 17 other provisions of this Act or any other law, the provisions  
 18 of this Section shall control.

19 (5 ILCS 315/15) (from Ch. 48, par. 1615)

20 Sec. 15. Act Takes Precedence.

21 (a) In case of any conflict between the provisions of this  
 22 Act and any other law (other than Section 5 of the State  
 23 Employees Group Insurance Act of 1971 and other than the  
 24 changes made to the Illinois Pension Code by Public Act 96-889  
 25 and other than as provided in Section 7.5 ~~this amendatory Act~~

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1 ~~of the 96th General Assembly~~), executive order or  
 2 administrative regulation relating to wages, hours and  
 3 conditions of employment and employment relations, the  
 4 provisions of this Act or any collective bargaining agreement  
 5 negotiated thereunder shall prevail and control. Nothing in

6 this Act shall be construed to replace or diminish the rights  
7 of employees established by Sections 28 and 28a of the  
8 Metropolitan Transit Authority Act, Sections 2.15 through 2.19  
9 of the Regional Transportation Authority Act. The provisions of  
10 this Act are subject to Section 7.5 of this Act and Section 5  
11 of the State Employees Group Insurance Act of 1971. Nothing in  
12 this Act shall be construed to replace the necessity of  
13 complaints against a sworn peace officer, as defined in Section  
14 2(a) of the Uniform Peace Officer Disciplinary Act, from having  
15 a complaint supported by a sworn affidavit.

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

25 (c) It is the public policy of this State, pursuant to  
26 paragraphs (h) and (i) of Section 6 of Article VII of the

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1 Illinois Constitution, that the provisions of this Act are the  
2 exclusive exercise by the State of powers and functions which  
3 might otherwise be exercised by home rule units. Such powers  
4 and functions may not be exercised concurrently, either  
5 directly or indirectly, by any unit of local government,  
6 including any home rule unit, except as otherwise authorized by  
7 this Act.

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

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

11 (20 ILCS 3005/7) (from Ch. 127, par. 417)

12

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

(1) Personal services

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1           (2) State contribution for employee group insurance  
 2           (3) Contractual services  
 3           (4) Travel  
 4           (5) Commodities  
 5           (6) Equipment  
 6           (7) Permanent improvements  
 7           (8) Land  
 8           (9) Electronic Data Processing  
 9           (10) Telecommunication services  
 10          (11) Operation of Automotive Equipment  
 11          (12) Contingencies  
 12          (13) Reserve  
 13          (14) Interest  
 14          (15) Awards and Grants  
 15          (16) Debt Retirement  
 16          (17) Non-cost Charges  
 17          (18) State retirement contribution for annual normal cost  
 18          (19) State retirement contribution for unfunded accrued  
 19          liability.  
 20          (Source: P.A. 93-25, eff. 6-20-03.)

21 (20 ILCS 3005/8) (from Ch. 127, par. 418)  
 22 Sec. 8. When used in connection with a State budget or  
 23 expenditure or estimate, items (1) through (16) in the  
 24 classification of objects stated in Section 7 shall have the  
 25 meanings ascribed to those items in Sections 14 through 24.7,

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1 respectively, of the State Finance Act. ~~"An Act in relation to~~  
 2 ~~State finance", approved June 10, 1919, as amended.~~

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

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

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

11 (30 ILCS 105/13) (from Ch. 127, par. 149)

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

- 14 (1) Personal services;
- 15 (2) State contribution for employee group insurance;
- 16 (3) Contractual services;
- 17 (4) Travel;
- 18 (5) Commodities;
- 19 (6) Equipment;
- 20 (7) Permanent improvements;
- 21 (8) Land;
- 22 (9) Electronic Data Processing;
- 23 (10) Operation of automotive equipment;
- 24 (11) Telecommunications services;

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- 1 (12) Contingencies;  
 2 (13) Reserve;  
 3 (14) Interest;  
 4 (15) Awards and Grants;  
 5 (16) Debt Retirement;  
 6 (17) Non-Cost Charges;  
 7 (18) State retirement contribution for annual normal cost;  
 8 (19) State retirement contribution for unfunded accrued  
 9 liability;  
 10 (20) ~~(18)~~ Purchase Contract for Real Estate.

11 When an appropriation is made to an officer, department,  
 12 institution, board, commission or other agency, or to a private  
 13 association or corporation, in one or more of the items above  
 14 specified, such appropriation shall be construed in accordance  
 15 with the definitions and limitations specified in this Act,  
 16 unless the appropriation act otherwise provides.

17 An appropriation for a purpose other than one specified and  
 18 defined in this Act may be made only as an additional, separate  
 19 and distinct item, specifically stating the object and purpose  
 20 thereof.

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

22 (30 ILCS 105/24.12 new)

23 Sec. 24.12. "State retirement contribution for annual  
 24 normal cost" defined. The term "State retirement contribution  
 25 for annual normal cost" means the portion of the total required

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1 State contribution to a retirement system for a fiscal year  
 2 that represents the State's portion of the System's projected  
 3 normal cost for that fiscal year, as determined and certified  
 4 by the board of trustees of the retirement system in  
 5 conformance with the applicable provisions of the Illinois  
 6 Pension Code.

(30 ILCS 105/24.13 new)

8       Sec. 24.13. "State retirement contribution for unfunded  
9       accrued liability" defined. The term "State retirement  
10       contribution for unfunded accrued liability" means the portion  
11       of the total required State contribution to a retirement system  
12       for a fiscal year that is not included in the State retirement  
13       contribution for annual normal cost.

14       Section 10. The Budget Stabilization Act is amended by  
15       changing Sections 20 and 25 as follows:

16       (30 ILCS 122/20)

17       Sec. 20. Pension Stabilization Fund.

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

22       (b) For each fiscal year through State fiscal year 2014,  
23       when the General Assembly's appropriations and transfers or

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1       diversions as required by law from general funds do not exceed  
2       99% of the estimated general funds revenues pursuant to  
3       subsection (a) of Section 10, the Comptroller shall transfer  
4       from the General Revenue Fund as provided by this Section a  
5       total amount equal to 0.5% of the estimated general funds  
6       revenues to the Pension Stabilization Fund.

7       (c) For each fiscal year through State fiscal year 2014,  
8       when the General Assembly's appropriations and transfers or  
9       diversions as required by law from general funds do not exceed  
10       98% of the estimated general funds revenues pursuant to  
11       subsection (b) of Section 10, the Comptroller shall transfer  
12       from the General Revenue Fund as provided by this Section a  
13       total amount equal to 1.0% of the estimated general funds  
14       revenues to the Pension Stabilization Fund.

15       (c-5) In addition to any other amounts required to be  
16

17 transferred under this Section, in State fiscal year 2016 and  
18 each fiscal year thereafter through State fiscal year 2045, or  
19 when each of the designated retirement systems, as defined in  
20 Section 25, has achieved 100% funding, whichever occurs first,  
21 the State Comptroller shall order transferred and the State  
22 Treasurer shall transfer from the General Revenue Fund to the  
23 Pension Stabilization Fund an amount equal to 10% of (1) the  
24 sum of the amounts certified by the designated retirement  
25 systems under subsection (a-5) of Section 2-134, subsection  
26 (a-10) of Section 14-135.08, subsection (a-10) of Section  
15-165, and subsection (a-10) of Section 16-158 of this Code

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1 for that fiscal year minus (2) the sum of (i) the transfer  
2 required under subsection (c-10) of this Section for that  
3 fiscal year and (ii) the sum of the required State  
4 contributions certified by the retirement systems under  
5 subsection (a) of Section 2-134, subsection (a-5) of Section  
6 14-135.08, subsection (a-5) of Section 15-165, and subsection  
7 (a-5) of Section 16-158 of this Code for that fiscal year. The  
8 transferred amount is intended to represent one-tenth of the  
9 annual savings to the State resulting from the enactment of  
10 this amendatory Act of the 98th General Assembly.

11 (c-10) In State fiscal year 2019, the State Comptroller  
12 shall order transferred and the State Treasurer shall transfer  
13 \$364,000,000 from the General Revenue Fund to the Pension  
14 Stabilization Fund. In State fiscal year 2020 and each fiscal  
15 year thereafter until terminated under subsection (c-15), the  
16 State Comptroller shall order transferred and the State  
17 Treasurer shall transfer \$1,000,000,000 from the General  
18 Revenue Fund to the Pension Stabilization Fund.

19 (c-15) The transfers made beginning in State fiscal year  
20 2020 pursuant to subsection (c-10) of this Section shall  
21 terminate at the end of State fiscal year 2045 or when each of  
22 the designated retirement systems, as defined in Section 25,  
23 has achieved 100% funding, whichever occurs first.

24 (d) The Comptroller shall transfer 1/12 of the total amount  
 25 to be transferred each fiscal year under this Section into the  
 26 Pension Stabilization Fund on the first day of each month of

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1 that fiscal year or as soon thereafter as possible; except that  
 2 the final transfer of the fiscal year shall be made as soon as  
 3 practical after the August 31 following the end of the fiscal  
 4 year.

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

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

19 (30 ILCS 122/25)

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

21 (a) As used in this Section, "designated retirement  
 22 systems" means:

23 (1) the State Employees' Retirement System of  
 24 Illinois;

25 (2) the Teachers' Retirement System of the State of

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1 Illinois;

- 2 (3) the State Universities Retirement System;  
3 (4) the Judges Retirement System of Illinois; and  
4 (5) the General Assembly Retirement System.

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

21 (c) At the request of the State Comptroller, the Governor's  
22 Office of Management and Budget shall determine the individual  
23 and total actuarial reserve deficiencies of the designated  
24 retirement systems. For this purpose, the Governor's Office of  
25 Management and Budget shall consider the latest available audit  
26 and actuarial reports of each of the retirement systems and the

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1 relevant reports and statistics of the Public Pension Division  
2 of the Department of Insurance ~~Financial and Professional~~  
3 ~~Regulation~~.

4 (d) Payments to the designated retirement systems under  
5 this Section shall be in addition to, and not in lieu of, any  
6 State contributions required under Section 2-124, 14-131,  
7 15-155, 16-158, or 18-131 of the Illinois Pension Code.

8 Payments to the designated retirement systems under this  
9 Section received after the effective date of this amendatory

10 Act of the 98th General Assembly, and any investment earnings  
 11 attributable to such payments, do not reduce and do not  
 12 constitute payment of any portion of the required State  
 13 contribution under Article 2, 14, 15, 16, or 18 of the Illinois  
 14 Pension Code in the current fiscal year. Such amounts shall not  
 15 reduce, and shall not be included in the calculation of, the  
 16 required State contribution under Article 2, 14, 15, 16, or 18  
 17 of the Illinois Pension Code in any future fiscal year, until  
 18 the designated retirement system has reached the targeted  
 19 funding ratio as prescribed by law for that retirement system.  
 20 Such payments may be invested in the same manner as other  
 21 assets of the designated retirement system and shall be used in  
 22 the calculation of the system's funding ratio for the purposes  
 23 of this Section and Section 20 of this Act. Payments under this  
 24 Section may be used for any associated administrative costs.  
 25 (Source: P.A. 94-839, eff. 6-6-06.)

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1 Section 15. The Illinois Pension Code is amended by  
 2 changing Sections 1-103.3, 2-108, 2-108.1, 2-119, 2-119.1,  
 3 2-124, 2-125, 2-126, 2-134, 2-162, 7-109, 7-114, 7-116, 7-139,  
 4 9-219, 9-220, 14-103.10, 14-104.3, 14-106, 14-107, 14-108,  
 5 14-110, 14-114, 14-115, 14-131, 14-132, 14-133, 14-135.08,  
 6 14-152.1, 15-106, 15-107, 15-111, 15-112, 15-113.4, 15-125,  
 7 15-135, 15-136, 15-155, 15-156, 15-157, 15-165, 15-198,  
 8 16-106, 16-112, 16-121, 16-127, 16-132, 16-133, 16-133.1,  
 9 16-133.2, 16-136.1, 16-152, 16-158, 16-203, 17-116, 17-134,  
 10 20-106, 20-121, 20-123, 20-124, and 20-125 and by adding  
 11 Sections 2-105.1, 2-105.2, 2-126.5, 2-165, 2-166, 14-103.40,  
 12 14-133.5, 14-155, 14-156, 15-157.5, 15-200, 15-201, 16-106.4,  
 13 16-152.5, 16-158.2, 16-205, and 16-206 as follows:

14 (40 ILCS 5/1-103.3)

15 Sec. 1-103.3. Application of 1994 amendment; funding  
 16 standard.

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

23 (b) ~~(Blank) The General Assembly declares that a funding~~  
 24 ~~ratio (the ratio of a retirement system's total assets to its~~  
 25 ~~total actuarial liabilities) of 90% is an appropriate goal for~~

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1 ~~State funded retirement systems in Illinois, and it finds that~~  
 2 ~~a funding ratio of 90% is now the generally recognized norm~~  
 3 ~~throughout the nation for public employee retirement systems~~  
 4 ~~that are considered to be financially secure and funded in an~~  
 5 ~~appropriate and responsible manner.~~

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

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

17 (40 ILCS 5/2-105.1 new)

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

19 "Tier 1 participant": A participant who first became a  
 20 participant before January 1, 2011.

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

23 (40 ILCS 5/2-105.2 new)

24

Sec. 2-105.2. Tier 1 retiree. "Tier 1 retiree" means a

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1 former Tier 1 participant who has made the election to retire  
2 and has terminated service.

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

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

11 (2) For the State executive officers specified in Section  
12 2-105, the total compensation paid to the member for one year  
13 of service.

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

20 However, in the event that federal law results in any  
21 participant receiving imputed income based on the value of  
22 group term life insurance provided by the State, such imputed  
23 income shall not be included in salary for the purposes of this  
24 Article.

25 Notwithstanding any other provision of this Code, the

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1 annual salary of a Tier 1 participant for the purposes of this  
2 Code shall not exceed, for periods of service in a term of  
3 office beginning on or after the effective date of this



4 amendatory Act of the 98th General Assembly, the greater of (i)  
 5 the annual limitation determined from time to time under  
 6 subsection (b-5) of Section 1-160 of this Code or (ii) the  
 7 annualized salary of the participant on the last day of that  
 8 participant's last term of office beginning before that  
 9 effective date.

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

11 (40 ILCS 5/2-108.1) (from Ch. 108 1/2, par. 2-108.1)  
 12 Sec. 2-108.1. Highest salary for annuity purposes.

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

15 For a participant who first becomes a participant of this  
 16 System before August 10, 2009 (the effective date of Public Act  
 17 96-207):

18 (1) For a participant who is a member of the General  
 19 Assembly on his or her last day of service: the highest  
 20 salary that is prescribed by law, on the participant's last  
 21 day of service, for a member of the General Assembly who is  
 22 not an officer; plus, if the participant was elected or  
 23 appointed to serve as an officer of the General Assembly  
 24 for 2 or more years and has made contributions as required  
 25 under subsection (d) of Section 2-126, the highest

1 additional amount of compensation prescribed by law, at the  
 2 time of the participant's service as an officer, for  
 3 members of the General Assembly who serve in that office.

4 (2) For a participant who holds one of the State  
 5 executive offices specified in Section 2-105 on his or her  
 6 last day of service: the highest salary prescribed by law  
 7 for service in that office on the participant's last day of  
 8 service.

9 (3) For a participant who is Clerk or Assistant Clerk  
 10 of the House of Representatives or Secretary or Assistant  
 11 Secretary of the Senate on his or her last day of service:

12 the salary received for service in that capacity on the  
13 last day of service, but not to exceed the highest salary  
14 (including additional compensation for service as an  
15 officer) that is prescribed by law on the participant's  
16 last day of service for the highest paid officer of the  
17 General Assembly.

18 (4) For a participant who is a continuing participant  
19 under Section 2-117.1 on his or her last day of service:  
20 the salary received for service in that capacity on the  
21 last day of service, but not to exceed the highest salary  
22 (including additional compensation for service as an  
23 officer) that is prescribed by law on the participant's  
24 last day of service for the highest paid officer of the  
25 General Assembly.

26 For a participant who first becomes a participant of this

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1 System on or after August 10, 2009 (the effective date of  
2 Public Act 96-207) and before January 1, 2011 (the effective  
3 date of Public Act 96-889), the average monthly salary obtained  
4 by dividing the total salary of the participant during the  
5 period of: (1) the 48 consecutive months of service within the  
6 last 120 months of service in which the total compensation was  
7 the highest, or (2) the total period of service, if less than  
8 48 months, by the number of months of service in that period.

9 Except as otherwise provided below, for a Tier 2 For a  
10 participant who first becomes a participant of this System on  
11 or after January 1, 2011 (the effective date of Public Act  
12 96-889), the average monthly salary obtained by dividing the  
13 total salary of the participant during the 96 consecutive  
14 months of service within the last 120 months of service in  
15 which the total compensation was the highest by the number of  
16 months of service in that period; however, for periods of  
17 service in a term of office beginning on or after January 1,  
18 2011 and before the effective date of this amendatory Act of  
19 the 98th General Assembly, the highest salary for annuity

20 purposes may not exceed \$106,800, except that that amount shall  
21 annually thereafter be increased by the lesser of (i) 3% of  
22 that amount, including all previous adjustments, or (ii) the  
23 annual unadjusted percentage increase (but not less than zero)  
24 in the consumer price index-u for the 12 months ending with the  
25 September preceding each November 1. "Consumer price index-u"  
26 means the index published by the Bureau of Labor Statistics of

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1 the United States Department of Labor that measures the average  
2 change in prices of goods and services purchased by all urban  
3 consumers, United States city average, all items, 1982-84 =  
4 100. The new amount resulting from each annual adjustment shall  
5 be determined by the Public Pension Division of the Department  
6 of Insurance and made available to the Board by November 1 of  
7 each year until there is no longer any such participant who is  
8 in service in a term of office that began before the effective  
9 date of this amendatory Act of the 98th General Assembly.

10 Notwithstanding any other provision of this Section, in  
11 determining the highest salary for annuity purposes of a Tier 2  
12 participant who is in service in a term of office beginning on  
13 or after the effective date of this amendatory Act of the 98th  
14 General Assembly, the Tier 2 participant's salary for periods  
15 of service in a term of office beginning on or after that  
16 effective date shall not exceed the limitation on salary  
17 determined from time to time under subsection (b-5) of Section  
18 1-160 of this Code.

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

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1 The limitations of subsection (a) shall apply, however, to  
2 earnings under any other participating system under the  
3 Retirement Systems Reciprocal Act that are considered in  
4 calculating the proportional annuity of a person who first  
5 became a member of this System before August 22, 1994 if, on or  
6 after the effective date of this amendatory Act of the 97th  
7 General Assembly, that member irrevocably elects to have those  
8 limitations apply.

9 (c) In calculating the subsection (a) earnings limitation  
10 to be applied to earnings under any other participating system  
11 under the Retirement Systems Reciprocal Act for the purpose of  
12 calculating a proportional annuity under this Article, the  
13 participant's last day of service shall be deemed to mean the  
14 last day of service in any participating system from which the  
15 person has applied for a proportional annuity under the  
16 Retirement Systems Reciprocal Act.

17 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;  
18 96-1490, eff. 1-1-11; 97-967, eff. 8-16-12.)

19 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)  
20 Sec. 2-119. Retirement annuity - conditions for  
21 eligibility.

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

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1 1. The date the annuity begins does not precede the  
2 date of final termination of service, or is not more than  
3 30 days before the receipt of the application by the board  
4 in the case of annuities based on disability or one year  
5 before the receipt of the application in the case of

6 annuities based on attained age;

7 2. The participant meets one of the following  
8 eligibility requirements:

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

12 (A) He or she has attained age 55 and has at least  
13 8 years of service credit;

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

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

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

24 (a-1) Notwithstanding subsection (a) of this Section, for a  
25 Tier 1 participant who begins receiving a retirement annuity  
26 under this Section on or after July 1, 2014, the required

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1 retirement age under subsection (a) is increased as follows,  
2 based on the Tier 1 participant's age on June 1, 2014:

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

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

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

12 (4) If he or she is at least age 43 but less than age 44  
13 on June 1, 2014, then the required retirement ages under

14 subsection (a) are increased by 12 months.

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

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

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

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

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

4 (10) If he or she is at least age 37 but less than age  
5 38 on June 1, 2014, then the required retirement ages under  
6 subsection (a) are increased by 36 months.

7 (11) If he or she is at least age 36 but less than age  
8 37 on June 1, 2014, then the required retirement ages under  
9 subsection (a) are increased by 40 months.

10 (12) If he or she is at least age 35 but less than age  
11 36 on June 1, 2014, then the required retirement ages under  
12 subsection (a) are increased by 44 months.

13 (13) If he or she is at least age 34 but less than age  
14 35 on June 1, 2014, then the required retirement ages under  
15 subsection (a) are increased by 48 months.

16 (14) If he or she is at least age 33 but less than age  
17 34 on June 1, 2014, then the required retirement ages under  
18 subsection (a) are increased by 52 months.

19 (15) If he or she is at least age 32 but less than age  
20 33 on June 1, 2014, then the required retirement ages under  
21 subsection (a) are increased by 56 months.

22           (16) If he or she is less than age 32 on June 1, 2014,  
 23           then the required retirement ages under subsection (a) are  
 24           increased by 60 months.  
 25           Notwithstanding Section 1-103.1, this subsection (a-1)  
 26           applies without regard to whether or not the Tier 1 participant

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1           is in active service under this Article on or after the  
 2           effective date of this amendatory Act of the 98th General  
 3           Assembly.

4           (a-5) A participant who first becomes a participant of this  
 5 System on or after January 1, 2011 (the effective date of  
 6 Public Act 96-889) who has attained age 62 and has at least 8  
 7 years of service credit may elect to receive the lower  
 8 retirement annuity provided in paragraph (c) of Section  
 9 2-119.01 of this Code.

10           (b) A participant shall be considered permanently disabled  
 11 only if: (1) disability occurs while in service and is of such  
 12 a nature as to prevent him or her from reasonably performing  
 13 the duties of his or her office at the time; and (2) the board  
 14 has received a written certificate by at least 2 licensed  
 15 physicians appointed by the board stating that the member is  
 16 disabled and that the disability is likely to be permanent.  
 17 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

18           (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)  
 19           Sec. 2-119.1. Automatic increase in retirement annuity.

20           (a) Except as otherwise provided in this Section, a ~~A~~  
 21 participant who retires after June 30, 1967, and who has not  
 22 received an initial increase under this Section before the  
 23 effective date of this amendatory Act of 1991, shall, in  
 24 January or July next following the first anniversary of  
 25 retirement, whichever occurs first, and in the same month of

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1 each year thereafter, but in no event prior to age 60, have the  
2 amount of the originally granted retirement annuity increased  
3 as follows: for each year through 1971, 1 1/2%; for each year  
4 from 1972 through 1979, 2%; and for 1980 and each year  
5 thereafter, 3%. Annuitants who have received an initial  
6 increase under this subsection prior to the effective date of  
7 this amendatory Act of 1991 shall continue to receive their  
8 annual increases in the same month as the initial increase.

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

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

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

6 This subsection (a-1) is applicable without regard to  
7 whether the person is in service on or after the effective date



8 of this amendatory Act of the 98th General Assembly.

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

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

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

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

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

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

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

11 (b) Beginning January 1, 1990, for eligible participants  
12 who remain in service after attaining 20 years of creditable  
13 service, the ~~3%~~ increases provided under subsection (a) shall  
14 begin to accrue on the January 1 next following the date upon  
15

which the participant (1) attains age 55, or (2) attains 20  
16 years of creditable service, whichever occurs later, and shall  
17 continue to accrue while the participant remains in service;  
18 such increases shall become payable on January 1 or July 1,  
19 whichever occurs first, next following the first anniversary of  
20 retirement. For any person who has service credit in the System  
21 for the entire period from January 15, 1969 through December  
22 31, 1992, regardless of the date of termination of service, the  
23 reference to age 55 in clause (1) of this subsection (b) shall  
24 be deemed to mean age 50. The increases accruing under this  
25 subsection (b) after the effective date of this amendatory Act  
26 of the 98th General Assembly shall accrue at the rate provided

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1 in subsection (a-1).

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

5 (b-5) Notwithstanding any other provision of this Section  
6 ~~Article~~, a participant who first becomes a participant on or  
7 after January 1, 2011 (the effective date of Public Act 96-889)  
8 shall, in January or July next following the first anniversary  
9 of retirement, whichever occurs first, and in the same month of  
10 each year thereafter, but in no event prior to age 67, have the  
11 amount of the retirement annuity then being paid increased by  
12 an amount calculated as a percentage of the originally granted  
13 retirement annuity, equal to 3% or one-half of the annual  
14 unadjusted percentage increase (but not less than zero) in the  
15 Consumer Price Index for All Urban Consumers for the 12 months  
16 ending with the preceding September, as determined by the  
17 Public Pension Division of the Department of Insurance and  
18 reported to the System by November 1 of each year under  
19 ~~subsection (a) of Section 2-108.1~~, whichever is less.

20 The changes made to this subsection (b-5) by this  
21 amendatory Act of the 98th General Assembly shall apply to  
22 increases provided under this subsection on or after the

23 effective date of this amendatory Act without regard to whether  
24 service terminated before that effective date.

25 (c) The foregoing provisions relating to automatic  
26 increases are not applicable to a participant who retires

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1 before having made contributions (at the rate prescribed in  
2 Section 2-126) for automatic increases for less than the  
3 equivalent of one full year. However, in order to be eligible  
4 for the automatic increases, such a participant may make  
5 arrangements to pay to the system the amount required to bring  
6 the total contributions for the automatic increase to the  
7 equivalent of one year's contributions based upon his or her  
8 last salary.

9 (d) A participant who terminated service prior to July 1,  
10 1967, with at least 14 years of service is entitled to an  
11 increase in retirement annuity beginning January, 1976, and to  
12 additional increases in January of each year thereafter.

13 The initial increase shall be 1 1/2% of the originally  
14 granted retirement annuity multiplied by the number of full  
15 years that the annuitant was in receipt of such annuity prior  
16 to January 1, 1972, plus 2% of the originally granted  
17 retirement annuity for each year after that date. The  
18 subsequent annual increases shall be at the rate of 2% of the  
19 originally granted retirement annuity for each year through  
20 1979 and at the rate of 3% for 1980 and thereafter. The  
21 increases provided under this subsection (d) on or after the  
22 effective date of this amendatory Act of the 98th General  
23 Assembly shall be at the rate provided in subsection (a-1),  
24 notwithstanding that service terminated before that effective  
25 date.

26 (e) Except as may be provided in subsection (b-5),

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

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

7 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

8 Sec. 2-124. Contributions by State.

9 (a) The State shall make contributions to the System by  
 10 appropriations of amounts which, together with the  
 11 contributions of participants, interest earned on investments,  
 12 and other income will meet the cost of maintaining and  
 13 administering the System on a 100% 90% funded basis in  
 14 accordance with actuarial recommendations by the end of State  
 15 fiscal year 2044.

16 (b) The Board shall determine the amount of State  
 17 contributions required for each fiscal year on the basis of the  
 18 actuarial tables and other assumptions adopted by the Board and  
 19 the prescribed rate of interest, using the formula in  
 20 subsection (c).

21 (c) For State fiscal years 2015 through 2044, the minimum  
 22 contribution to the System to be made by the State for each  
 23 fiscal year shall be an amount determined by the System to be  
 24 equal to the sum of (1) the State's portion of the projected  
 25 normal cost for that fiscal year, plus (2) an amount sufficient

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1 to bring the total assets of the System up to 100% of the total  
 2 actuarial liabilities of the System by the end of State fiscal  
 3 year 2044. In making these determinations, the required State  
 4 contribution shall be calculated each year as a level  
 5 percentage of payroll over the years remaining to and including  
 6 fiscal year 2044 and shall be determined under the projected  
 7 unit cost method for fiscal year 2015 and under the entry age

8 normal actuarial cost method for fiscal years 2016 through  
9 2044.

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

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

25 Notwithstanding any other provision of this Article, the  
26 total required State contribution for State fiscal year 2006 is

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1 \$4,157,000.

2 Notwithstanding any other provision of this Article, the  
3 total required State contribution for State fiscal year 2007 is  
4 \$5,220,300.

5 For each of State fiscal years 2008 through 2009, the State  
6 contribution to the System, as a percentage of the applicable  
7 employee payroll, shall be increased in equal annual increments  
8 from the required State contribution for State fiscal year  
9 2007, so that by State fiscal year 2011, the State is  
10 contributing at the rate otherwise required under this Section.

11 Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2010 is  
13 \$10,454,000 and shall be made from the proceeds of bonds sold  
14 in fiscal year 2010 pursuant to Section 7.2 of the General  
15 Obligation Bond Act, less (i) the pro rata share of bond sale

16 expenses determined by the System's share of total bond  
 17 proceeds, (ii) any amounts received from the General Revenue  
 18 Fund in fiscal year 2010, and (iii) any reduction in bond  
 19 proceeds due to the issuance of discounted bonds, if  
 20 applicable.

21 Notwithstanding any other provision of this Article, the  
 22 total required State contribution for State fiscal year 2011 is  
 23 the amount recertified by the System on or before April 1, 2011  
 24 pursuant to Section 2-134 and shall be made from the proceeds  
 25 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of  
 26 the General Obligation Bond Act, less (i) the pro rata share of

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1 bond sale expenses determined by the System's share of total  
 2 bond proceeds, (ii) any amounts received from the General  
 3 Revenue Fund in fiscal year 2011, and (iii) any reduction in  
 4 bond proceeds due to the issuance of discounted bonds, if  
 5 applicable.

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

10 ~~Beginning in State fiscal year 2046, the minimum State~~  
 11 ~~contribution for each fiscal year shall be the amount needed to~~  
 12 ~~maintain the total assets of the System at 90% of the total~~  
 13 ~~actuarial liabilities of the System.~~

14 Amounts received by the System pursuant to Section 25 of  
 15 the Budget Stabilization Act or Section 8.12 of the State  
 16 Finance Act in any fiscal year do not reduce and do not  
 17 constitute payment of any portion of the minimum State  
 18 contribution required under this Article in that fiscal year.  
 19 Such amounts shall not reduce, and shall not be included in the  
 20 calculation of, the required State contributions under this  
 21 Article in any future year until the System has reached a  
 22 funding ratio of at least 100% ~~90%~~. A reference in this Article  
 23 to the "required State contribution" or any substantially

24 similar term does not include or apply to any amounts payable  
25 to the System under Section 25 of the Budget Stabilization Act.

26 Notwithstanding any other provision of this Section, the

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1 required State contribution for State fiscal year 2005 and for  
2 fiscal year 2008 and each fiscal year thereafter through State  
3 fiscal year 2014, as calculated under this Section and  
4 certified under Section 2-134, shall not exceed an amount equal  
5 to (i) the amount of the required State contribution that would  
6 have been calculated under this Section for that fiscal year if  
7 the System had not received any payments under subsection (d)  
8 of Section 7.2 of the General Obligation Bond Act, minus (ii)  
9 the portion of the State's total debt service payments for that  
10 fiscal year on the bonds issued in fiscal year 2003 for the  
11 purposes of that Section 7.2, as determined and certified by  
12 the Comptroller, that is the same as the System's portion of  
13 the total moneys distributed under subsection (d) of Section  
14 7.2 of the General Obligation Bond Act. In determining this  
15 maximum for State fiscal years 2008 through 2010, however, the  
16 amount referred to in item (i) shall be increased, as a  
17 percentage of the applicable employee payroll, in equal  
18 increments calculated from the sum of the required State  
19 contribution for State fiscal year 2007 plus the applicable  
20 portion of the State's total debt service payments for fiscal  
21 year 2007 on the bonds issued in fiscal year 2003 for the  
22 purposes of Section 7.2 of the General Obligation Bond Act, so  
23 that, by State fiscal year 2011, the State is contributing at  
24 the rate otherwise required under this Section.

25 (d) For purposes of determining the required State  
26 contribution to the System, the value of the System's assets

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1 shall be equal to the actuarial value of the System's assets,  
2 which shall be calculated as follows:

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

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

14 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
15 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
16 7-13-12.)

17 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

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

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

23 (b) All income, interest and dividends derived from  
24 deposits and investments shall be credited to the account of  
25 the system in the State Treasury and used to pay benefits under

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1 this Article.

2 (c) Beginning July 1, 2014, the State shall be obligated to  
3 contribute to the System in each State fiscal year an amount  
4 not less than the sum of (i) the State's normal cost for the  
5 year and (ii) the portion of the unfunded accrued liability  
6 assigned to that year by law. Notwithstanding any other  
7 provision of law, if the State fails to pay an amount required  
8 under this subsection, it shall be the obligation of the Board



9 to seek payment of the required amount in compliance with the  
10 provisions of this Section and, if the amount remains unpaid,  
11 to bring a mandamus action in the Supreme Court of Illinois to  
12 compel the State to make the required payment.

13 If the System submits a voucher for contributions required  
14 under Section 2-124 and the State fails to pay that voucher  
15 within 90 days of its receipt, the Board shall submit a written  
16 request to the Comptroller seeking payment. A copy of the  
17 request shall be filed with the Secretary of State, and the  
18 Secretary of State shall provide a copy to the Governor and  
19 General Assembly. No earlier than the 16th day after the System  
20 files the request with the Comptroller and Secretary of State,  
21 if the amount remains unpaid the Board shall commence a  
22 mandamus action in the Supreme Court of Illinois to compel the  
23 Comptroller to satisfy the voucher.

24 This subsection (c) constitutes an express waiver of the  
25 State's sovereign immunity solely to the extent that it permits  
26 the Board to commence a mandamus action in the Supreme Court of

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1 Illinois to compel the Comptroller to pay a voucher for the  
2 contributions required under Section 2-124.

3 (d) Beginning in State fiscal year 2016, the State shall be  
4 obligated to make the transfers set forth in subsections (c-5)  
5 and (c-10) of Section 20 of the Budget Stabilization Act and to  
6 pay to the System its proportionate share of the transferred  
7 amounts in accordance with Section 25 of the Budget  
8 Stabilization Act. Notwithstanding any other provision of law,  
9 if the State fails to transfer an amount required under this  
10 subsection or to pay to the System its proportionate share of  
11 the transferred amount in accordance with Section 25 of the  
12 Budget Stabilization Act, it shall be the obligation of the  
13 Board to seek transfer or payment of the required amount in  
14 compliance with the provisions of this Section and, if the  
15 required amount remains untransferred or the required payment  
16 remains unpaid, to bring a mandamus action in the Supreme Court

17 of Illinois to compel the State to make the required transfer  
18 or payment or both, as the case may be.

19 If the State fails to make a transfer required under  
20 subsection (c-5) or (c-10) of Section 20 of the Budget  
21 Stabilization Act or a payment to the System required under  
22 Section 25 of that Act, the Board shall submit a written  
23 request to the Comptroller seeking payment. A copy of the  
24 request shall be filed with the Secretary of State, and the  
25 Secretary of State shall provide a copy to the Governor and  
26 General Assembly. No earlier than the 16th day after the System

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1 files the request with the Comptroller and Secretary of State,  
2 if the required amount remains untransferred or the required  
3 payment remains unpaid, the Board shall commence a mandamus  
4 action in the Supreme Court of Illinois to compel the  
5 Comptroller to make the required transfer or payment or both,  
6 as the case may be.

7 This subsection (d) 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 make a transfer required  
11 under subsection (c-5) or (c-10) of Section 20 of the Budget  
12 Stabilization Act and to pay to the System its proportionate  
13 share of the transferred amount in accordance with Section 25  
14 of the Budget Stabilization Act.

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

19 (e) Any payments and transfers required to be made by the  
20 State pursuant to subsection (c) or (d) are expressly  
21 subordinate to the payment of the principal, interest, and  
22 premium, if any, on any bonded debt obligation of the State or  
23 any other State-created entity, either currently outstanding  
24 or to be issued, for which the source of repayment or security

25 thereon is derived directly or indirectly from tax revenues  
 26 collected by the State or any other State-created entity.

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1 Payments on such bonded obligations include any statutory fund  
 2 transfers or other prefunding mechanisms or formulas set forth,  
 3 now or hereafter, in State law or bond indentures, into debt  
 4 service funds or accounts of the State related to such bond  
 5 obligations, consistent with the payment schedules associated  
 6 with such obligations.

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

8 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

9 Sec. 2-126. Contributions by participants.

10 (a) Each participant shall contribute toward the cost of  
 11 his or her retirement annuity a percentage of each payment of  
 12 salary received by him or her for service as a member as  
 13 follows: for service between October 31, 1947 and January 1,  
 14 1959, 5%; for service between January 1, 1959 and June 30,  
 15 1969, 6%; for service between July 1, 1969 and January 10,  
 16 1973, 6 1/2%; for service after January 10, 1973, 7%; for  
 17 service after December 31, 1981, 8 1/2%.

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

21 A participant who has no eligible survivor's annuity  
 22 beneficiary may elect to cease making contributions for  
 23 survivor's annuity under this subsection. A survivor's annuity  
 24 shall not be payable upon the death of a person who has made  
 25 this election, unless prior to that death the election has been

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1 revoked and the amount of the contributions that would have  
 2 been paid under this subsection in the absence of the election

3 is paid to the System, together with interest at the rate of 4%  
4 per year from the date the contributions would have been made  
5 to the date of payment.

6 (c) Beginning July 1, 1967 and, in the case of Tier 1  
7 participants, ending on June 30, 2014, each participant shall  
8 contribute 1% of salary towards the cost of automatic increase  
9 in annuity provided in Section 2-119.1. These contributions  
10 shall be made concurrently with contributions for retirement  
11 annuity purposes.

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

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1 corresponding employer contributions, as calculated by the  
2 System.

3 (e) Notwithstanding any other provision of this Article,  
4 the required contribution of a participant who first becomes a  
5 participant on or after January 1, 2011 shall not exceed the  
6 contribution that would be due under this Article if that  
7 participant's highest salary for annuity purposes were  
8 \$106,800, plus any increases in that amount under Section  
9 2-108.1.

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

11 (40 ILCS 5/2-126.5 new)  
12 Sec. 2-126.5. Use of contributions for health care  
13 subsidies. The System shall not use any contribution received  
14 by the System under this Article to provide a subsidy for the  
15 cost of participation in a retiree health care program.

16 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)  
17 Sec. 2-134. To certify required State contributions and  
18 submit vouchers.

19 (a) The Board shall certify to the Governor on or before  
20 December 15 of each year until December 15, 2011 the amount of  
21 the required State contribution to the System for the next  
22 fiscal year and shall specifically identify the System's  
23 projected State normal cost for that fiscal year. The  
24 certification shall include a copy of the actuarial

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1 recommendations upon which it is based and shall specifically  
2 identify the System's projected State normal cost for that  
3 fiscal year.

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

19 year. The Board's certification must note any deviations from  
20 the State Actuary's recommended changes, the reason or reasons  
21 for not following the State Actuary's recommended changes, and  
22 the fiscal impact of not following the State Actuary's  
23 recommended changes on the required State contribution.

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

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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) For purposes of Section (c-5) of Section 20 of the  
16 Budget Stabilization Act, on or before November 1 of each year  
17 beginning November 1, 2014, the Board shall determine the  
18 amount of the State contribution to the System that would have  
19 been required for the next fiscal year if this amendatory Act  
20 of the 98th General Assembly had not taken effect, using the  
21 best and most recent available data but based on the law in  
22 effect on May 31, 2014. The Board shall submit to the State  
23 Actuary, the Governor, and the General Assembly a proposed  
24 certification, along with the relevant law, actuarial  
25 assumptions, calculations, and data upon which that  
26 certification is based. On or before January 1, 2015 and every

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

16 (b) Beginning in State fiscal year 1996, on or as soon as  
17 possible after the 15th day of each month the Board shall  
18 submit vouchers for payment of State contributions to the  
19 System, in a total monthly amount of one-twelfth of the  
20 required annual State contribution certified under subsection  
21 (a). From the effective date of this amendatory Act of the 93rd  
22 General Assembly through June 30, 2004, the Board shall not  
23 submit vouchers for the remainder of fiscal year 2004 in excess  
24 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 (d) of Section

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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. If in

4 any month the amount remaining unexpended from all other  
 5 appropriations to the System for the applicable fiscal year  
 6 (including the appropriations to the System under Section 8.12  
 7 of the State Finance Act and Section 1 of the State Pension  
 8 Funds Continuing Appropriation Act) is less than the amount  
 9 lawfully vouchered under this Section, the difference shall be  
 10 paid from the General Revenue Fund under the continuing  
 11 appropriation authority provided in Section 1.1 of the State  
 12 Pension Funds Continuing Appropriation Act.

13 (c) The full amount of any annual appropriation for the  
 14 System for State fiscal year 1995 shall be transferred and made  
 15 available to the System at the beginning of that fiscal year at  
 16 the request of the Board. Any excess funds remaining at the end  
 17 of any fiscal year from appropriations shall be retained by the  
 18 System as a general reserve to meet the System's accrued  
 19 liabilities.

20 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
 21 97-694, eff. 6-18-12.)

22 (40 ILCS 5/2-162)

23 Sec. 2-162. Application and expiration of new benefit  
 24 increases.

25 (a) As used in this Section, "new benefit increase" means

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1 an increase in the amount of any benefit provided under this  
 2 Article, or an expansion of the conditions of eligibility for  
 3 any benefit under this Article, that results from an amendment  
 4 to this Code that takes effect after the effective date of this  
 5 amendatory Act of the 94th General Assembly. "New benefit  
 6 increase", however, does not include any benefit increase  
 7 resulting from the changes made to this Article by this  
 8 amendatory Act of the 98th General Assembly.

9 (b) Notwithstanding any other provision of this Code or any  
 10 subsequent amendment to this Code, every new benefit increase  
 11 is subject to this Section and shall be deemed to be granted



12 only in conformance with and contingent upon compliance with  
13 the provisions of this Section.

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

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

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

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

14 (e) Except as otherwise provided in the language creating  
15 the new benefit increase, a new benefit increase that expires  
16 under this Section continues to apply to persons who applied  
17 and qualified for the affected benefit while the new benefit  
18 increase was in effect and to the affected beneficiaries and  
19 alternate payees of such persons, but does not apply to any

20 other person, including without limitation a person who  
21 continues in service after the expiration date and did not  
22 apply and qualify for the affected benefit while the new  
23 benefit increase was in effect.

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

25 (40 ILCS 5/2-165 new)

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1 Sec. 2-165. Defined contribution plan.

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

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

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

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

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1           (3) State contributions shall be paid into the accounts  
2           of all participants in the defined contribution plan at a  
3           uniform rate, expressed as a percentage of compensation and  
4           determined for each year. This rate shall be no higher than  
5           the employer's normal cost for Tier 1 participants in the  
6           defined benefit plan for that year, as determined by the  
7           System and expressed as a percentage of compensation, and  
8           shall be no lower than 3% of compensation. The State shall  
9           adjust this rate annually.

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

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

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

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

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1           survivors.

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

6 into other qualified retirement plans.

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

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

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

25 When the System first determines that 5% of eligible  
26 persons have elected to participate in the defined contribution

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1 plan, the System shall provide notice to previously eligible  
2 employees that the plan is no longer available and shall cease  
3 accepting applications to participate.

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

12 Upon request for further information describing the  
13

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

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1 financial advisors.

2 (e) In no event shall the System, its staff, its authorized  
3 representatives, or the Board be liable for any information  
4 given to an employee under this Section. The System may  
5 coordinate with the Illinois Department of Central Management  
6 Services and other retirement systems administering a defined  
7 contribution plan in accordance with this amendatory Act of the  
8 98th General Assembly to provide information concerning the  
9 impact of the option set forth in this Section.

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

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

19 (h) The Illinois State Board of Investments shall be the  
20 plan sponsor for the defined contribution plan established

21 under this Section.

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

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1 is necessary to ensure cost neutrality.

2 (40 ILCS 5/2-166 new)

3 Sec. 2-166. Defined contribution plan; termination. If the  
 4 defined contribution plan is terminated or becomes inoperative  
 5 pursuant to law, then each participant in the plan shall  
 6 automatically be deemed to have been a contributing Tier 1  
 7 participant in the System's defined benefit plan during the  
 8 time in which he or she participated in the defined  
 9 contribution plan, and for that purpose the System shall be  
 10 entitled to recover the amounts in the participant's defined  
 11 contribution accounts.

12 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

13 Sec. 7-109. Employee.

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

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

22 2. Under the usual common law rules applicable in  
 23 determining the employer-employee relationship, has  
 24 the status of an employee with a municipality, or any

1 instrumentality thereof, or a participating  
2 instrumentality, including aldermen, county  
3 supervisors and other persons (excepting those  
4 employed as independent contractors) who are paid  
5 compensation, fees, allowances or other emolument for  
6 official duties, and, in counties, the several county  
7 fee offices.

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

26 (c) Holds an elective office in a municipality,

1 instrumentality thereof or participating instrumentality.

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

3 (a) Are eligible for inclusion under any of the  
4 following laws:

5 1. "An Act in relation to an Illinois State  
6 Teachers' Pension and Retirement Fund", approved May

7 27, 1915, as amended;

8 2. Articles 15 and 16 of this Code.

9 However, such persons shall be included as employees to  
10 the extent of earnings that are not eligible for inclusion  
11 under the foregoing laws for services not of an  
12 instructional nature of any kind.

13 However, any member of the armed forces who is employed  
14 as a teacher of subjects in the Reserve Officers Training  
15 Corps of any school and who is not certified under the law  
16 governing the certification of teachers shall be included  
17 as an employee.

18 (b) Are designated by the governing body of a  
19 municipality in which a pension fund is required by law to  
20 be established for policemen or firemen, respectively, as  
21 performing police or fire protection duties, except that  
22 when such persons are the heads of the police or fire  
23 department and are not eligible to be included within any  
24 such pension fund, they shall be included within this  
25 Article; provided, that such persons shall not be excluded  
26 to the extent of concurrent service and earnings not

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1 designated as being for police or fire protection duties.  
2 However, (i) any head of a police department who was a  
3 participant under this Article immediately before October  
4 1, 1977 and did not elect, under Section 3-109 of this Act,  
5 to participate in a police pension fund shall be an  
6 "employee", and (ii) any chief of police who elects to  
7 participate in this Fund under Section 3-109.1 of this  
8 Code, regardless of whether such person continues to be  
9 employed as chief of police or is employed in some other  
10 rank or capacity within the police department, shall be an  
11 employee under this Article for so long as such person is  
12 employed to perform police duties by a participating  
13 municipality and has not lawfully rescinded that election.

14 (c) After August 26, 2011 (the effective date of Public



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

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

11 (3) All persons, including, without limitation, public  
12 defenders and probation officers, who receive earnings from  
13 general or special funds of a county for performance of  
14 personal services or official duties within the territorial  
15 limits of the county, are employees of the county (unless  
16 excluded by subsection (2) of this Section) notwithstanding  
17 that they may be appointed by and are subject to the direction  
18 of a person or persons other than a county board or a county  
19 officer. It is hereby established that an employer-employee  
20 relationship under the usual common law rules exists between  
21 such employees and the county paying their salaries by reason  
22

of the fact that the county boards fix their rates of  
 23 compensation, appropriate funds for payment of their earnings  
 24 and otherwise exercise control over them. This finding and this  
 25 amendatory Act shall apply to all such employees from the date  
 26 of appointment whether such date is prior to or after the

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1 effective date of this amendatory Act and is intended to  
 2 clarify existing law pertaining to their status as  
 3 participating employees in the Fund.  
 4 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;  
 5 97-813, eff. 7-13-12.)

6 (40 ILCS 5/7-114) (from Ch. 108 1/2, par. 7-114)  
 7 Sec. 7-114. Earnings. "Earnings":

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

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

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1 instrumentality; and

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

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

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

26 (d) If an elected official who is a participating employee

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1 becomes disabled but does not resign and is not removed from  
2 office, then earnings shall include all salary payments made  
3 for the remainder of that term of office and the official shall  
4 be awarded creditable service for the term of office.

5 (e) If a participating employee is paid pursuant to "An Act  
6 to provide for the continuation of compensation for law  
7 enforcement officers, correctional officers and firemen who

8 suffer disabling injury in the line of duty", approved  
9 September 6, 1973, as amended, the payments shall be deemed  
10 earnings, and the participating employee shall be awarded  
11 creditable service for this period.

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

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

21 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)  
22 Sec. 7-116. "Final rate of earnings":

23 (a) For retirement and survivor annuities, the monthly  
24 earnings obtained by dividing the total earnings received by  
25 the employee during the period of either (1) the 48 consecutive

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1 months of service within the last 120 months of service in  
2 which his total earnings were the highest or (2) the employee's  
3 total period of service, by the number of months of service in  
4 such period.

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

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

14 (d) In computing the final rate of earnings: (1) the  
15 earnings rate for all periods of prior service shall be

16 considered equal to the average earnings rate for the last 3  
17 calendar years of prior service for which creditable service is  
18 received under Section 7-139 or, if there is less than 3 years  
19 of creditable prior service, the average for the total prior  
20 service period for which creditable service is received under  
21 Section 7-139; (2) for out of state service and authorized  
22 leave, the earnings rate shall be the rate upon which service  
23 credits are granted; (3) periods of military leave shall not be  
24 considered; (4) the earnings rate for all periods of disability  
25 shall be considered equal to the rate of earnings upon which  
26 the employee's disability benefits are computed for such

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1 periods; (5) the earnings to be considered for each of the  
2 final three months of the final earnings period for persons who  
3 first became participants before January 1, 2012 and the  
4 earnings to be considered for each of the final 24 months for  
5 participants who first become participants on or after January  
6 1, 2012 shall not exceed 125% of the highest earnings of any  
7 other month in the final earnings period; ~~and~~ (6) the annual  
8 amount of final rate of earnings shall be the monthly amount  
9 multiplied by the number of months of service normally required  
10 by the position in a year; and (7) in the case of a person who  
11 first becomes a participant on or after the effective date of  
12 this amendatory Act of the 98th General Assembly, payments for  
13 unused sick or vacation time shall not be considered.

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

15 (40 ILCS 5/7-139) (from Ch. 108 1/2, par. 7-139)

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

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

21 1. For prior service: Each participating employee who  
22 is an employee of a participating municipality or

23 participating instrumentality on the effective date shall  
24 be granted creditable service, but no credits under  
25 paragraph 2 of this subsection (a), for periods of prior

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1 service for which credit has not been received under any  
2 other pension fund or retirement system established under  
3 this Code, as follows:

4 If the effective date of participation for the  
5 participating municipality or participating  
6 instrumentality is on or before January 1, 1998, creditable  
7 service shall be granted for the entire period of prior  
8 service with that employer without any employee  
9 contribution.

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

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service.

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

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

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

3           a. Additional credits of amounts equal to each  
 4           payment of additional contributions received from him  
 5           under Section 7-173, as of the date the corresponding  
 6           payment of earnings is payable to him.

7           b. Normal credits of amounts equal to each payment  
 8           of normal contributions received from him, as of the

9 date the corresponding payment of earnings is payable  
10 to him, and normal contributions made for the purpose  
11 of establishing out-of-state service credits as  
12 permitted under the conditions set forth in paragraph 6  
13 of this subsection (a).

14 c. Municipality credits in an amount equal to 1.4  
15 times the normal credits, except those established by  
16 out-of-state service credits, as of the date of  
17 computation of any benefit if these credits would  
18 increase the benefit.

19 d. Survivor credits equal to each payment of  
20 survivor contributions received from the participating  
21 employee as of the date the corresponding payment of  
22 earnings is payable, and survivor contributions made  
23 for the purpose of establishing out-of-state service  
24 credits.

25 3. For periods of temporary and total and permanent  
26 disability benefits, each employee receiving disability

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1 benefits shall be granted creditable service for the period  
2 during which disability benefits are payable. Normal and  
3 survivor credits, based upon the rate of earnings applied  
4 for disability benefits, shall also be granted if such  
5 credits would result in a higher benefit to any such  
6 employee or his beneficiary.

7 4. For authorized leave of absence without pay: A  
8 participating employee shall be granted credits and  
9 creditable service for periods of authorized leave of  
10 absence without pay under the following conditions:

11 a. An application for credits and creditable  
12 service is submitted to the board while the employee is  
13 in a status of active employment.

14 b. Not more than 12 complete months of creditable  
15 service for authorized leave of absence without pay  
16 shall be counted for purposes of determining any



17 benefits payable under this Article.

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

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1 be computed upon the assumption earnings continued  
2 during the period of leave at the rate in effect when  
3 the leave began.

4 d. Benefits under the provisions of Sections  
5 7-141, 7-146, 7-150 and 7-163 shall become payable to  
6 employees on authorized leave of absence, or their  
7 designated beneficiary, only if such leave of absence  
8 is creditable hereunder, and if the employee has at  
9 least one year of creditable service other than the  
10 service granted for leave of absence. Any employee  
11 contributions due may be deducted from any benefits  
12 payable.

13 e. No credits or creditable service shall be  
14 allowed for leave of absence without pay during any  
15 period of prior service.

16 5. For military service: The governing body of a  
17 municipality or participating instrumentality may elect to  
18 allow creditable service to participating employees who  
19 leave their employment to serve in the armed forces of the  
20 United States for all periods of such service, provided  
21 that the person returns to active employment within 90 days  
22 after completion of full time active duty, but no  
23 creditable service shall be allowed such person for any  
24 period that can be used in the computation of a pension or

25 any other pay or benefit, other than pay for active duty,  
26 for service in any branch of the armed forces of the United

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1 States. If necessary to the computation of any benefit, the  
2 board shall establish municipality credits for  
3 participating employees under this paragraph on the  
4 assumption that the employee received earnings at the rate  
5 received at the time he left the employment to enter the  
6 armed forces. A participating employee in the armed forces  
7 shall not be considered an employee during such period of  
8 service and no additional death and no disability benefits  
9 are payable for death or disability during such period.

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

26 Notwithstanding the foregoing, any participating

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1 employee shall be entitled to creditable service as

2 required by any federal law relating to re-employment  
3 rights of persons who served in the United States Armed  
4 Services. Such creditable service shall be granted upon  
5 payment by the member of an amount equal to the employee  
6 contributions which would have been required had the  
7 employee continued in service at the same rate of earnings  
8 during the military leave period, plus interest at the  
9 effective rate.

10 5.1. In addition to any creditable service established  
11 under paragraph 5 of this subsection (a), creditable  
12 service may be granted for up to 48 months of service in  
13 the armed forces of the United States.

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

1 regular interest rate.

2 The changes made to this paragraph 5.1 by Public Acts  
3 95-483 and 95-486 apply only to participating employees in  
4 service on or after August 28, 2007 (the effective date of  
5 those Public Acts).

6 6. For out-of-state service: Creditable service shall  
7 be granted for service rendered to an out-of-state local  
8 governmental body under the following conditions: The  
9 employee had participated and has irrevocably forfeited

10 all rights to benefits in the out-of-state public employees  
11 pension system; the governing body of his participating  
12 municipality or instrumentality authorizes the employee to  
13 establish such service; the employee has 2 years current  
14 service with this municipality or participating  
15 instrumentality; the employee makes a payment of  
16 contributions, which shall be computed at 8% (normal) plus  
17 2% (survivor) times length of service purchased times the  
18 average rate of earnings for the first 2 years of service  
19 with the municipality or participating instrumentality  
20 whose governing body authorizes the service established  
21 plus interest at the effective rate on the date such  
22 credits are established, payable from the date the employee  
23 completes the required 2 years of current service to date  
24 of payment. In no case shall more than 120 months of  
25 creditable service be granted under this provision.

26 7. For retroactive service: Any employee who could have

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

12 Any employee who is a participating employee on or  
13 after September 24, 1981 and who was excluded from  
14 participation by the age restrictions removed by Public Act  
15 82-596 may receive creditable service for the period, on or  
16 after January 1, 1979, excluded by the age restriction and,  
17 in addition, if the governing body of the participating

18 municipality or participating instrumentality elects to  
 19 allow creditable service for all employees excluded by the  
 20 age restriction prior to January 1, 1979, for service  
 21 during the period prior to that date excluded by the age  
 22 restriction. Any employee who was excluded from  
 23 participation by the age restriction removed by Public Act  
 24 82-596 and who is not a participating employee on or after  
 25 September 24, 1981 may receive creditable service for  
 26 service after January 1, 1979. Creditable service under

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1 this paragraph shall be granted upon payment of the  
 2 employee contributions which would have been required had  
 3 he participated, with interest at the effective rate for  
 4 each year from the end of the period of service established  
 5 to date of payment.

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

13 a. Sick leave days shall be limited to those  
 14 accumulated under a sick leave plan established by a  
 15 participating municipality or participating  
 16 instrumentality which is available to all employees or  
 17 a class of employees.

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

26 number of unpaid sick leave days shall be considered.

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

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

21 d. The creditable service shall be at the rate of  
22 1/20 of a month for each full sick day, provided that  
23 no more than 12 months may be credited under this  
24 subdivision 8.

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

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1 f. Each participating municipality and  
2 participating instrumentality with which an employee

3 has service within 60 days of the effective date of his  
4 retirement annuity shall certify to the board the  
5 number of accumulated unpaid sick leave days credited  
6 to the employee at the time of termination of service.

7 9. For service transferred from another system:

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

24 10. For service transferred from an Article 3 system  
25 under Section 3-110.8: Credits and creditable service  
26 shall be granted for service under Article 3 of this Act as

1 provided in Section 3-110.8, to any active member of this  
2 Fund upon transfer of such credits pursuant to Section  
3 3-110.8. If the amount by which (1) the employer and  
4 employee contributions that would have been required if he  
5 had participated in this Fund during the period for which  
6 credit is being transferred, plus interest thereon at the  
7 effective rate for each year, compounded annually, from the  
8 date of termination of the service for which credit is  
9 being transferred to the date of payment, exceeds (2) the  
10 amount actually transferred to the Fund, then the amount of

11 creditable service established under this paragraph 10  
12 shall be reduced by a corresponding amount in accordance  
13 with the rules and procedures established under this  
14 paragraph 10.

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

21 Until January 1, 2010, members who transferred service  
22 from an Article 3 system under the provisions of Public Act  
23 94-356 may establish additional credit in this Fund, but  
24 only up to the amount of the service credit reduction in  
25 that transfer, as calculated under the actuarial  
26 assumptions. This credit may be established upon payment by

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1 the member of an amount to be determined by the board,  
2 equal to (1) the amount that would have been contributed as  
3 employee and employer contributions had all the service  
4 been as an employee under this Article, plus interest  
5 thereon compounded annually from the date of service to the  
6 date of transfer, less (2) the total amount transferred  
7 from the Article 3 system, plus (3) interest on the  
8 difference at the effective rate for each year, compounded  
9 annually, from the date of the transfer to the date of  
10 payment. The additional service credit is allowed under  
11 this amendatory Act of the 95th General Assembly  
12 notwithstanding the provisions of Article 3 terminating  
13 all transferred credits on the date of transfer.

14 11. For service transferred from an Article 3 system  
15 under Section 3-110.3: Credits and creditable service  
16 shall be granted for service under Article 3 of this Act as  
17 provided in Section 3-110.3, to any active member of this  
18 Fund, upon transfer of such credits pursuant to Section



19 3-110.3. If the board determines that the amount  
20 transferred is less than the true cost to the Fund of  
21 allowing that creditable service to be established, then in  
22 order to establish that creditable service, the member must  
23 pay to the Fund an additional contribution equal to the  
24 difference, as determined by the board in accordance with  
25 the rules and procedures adopted under this paragraph. If  
26 the member does not make the full additional payment as

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1 required by this paragraph prior to termination of his  
2 participation with that employer, then his or her  
3 creditable service shall be reduced by an amount equal to  
4 the difference between the amount transferred under  
5 Section 3-110.3, including any payments made by the member  
6 under this paragraph prior to termination, and the true  
7 cost to the Fund of allowing that creditable service to be  
8 established, as determined by the board in accordance with  
9 the rules and procedures adopted under this paragraph.

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

15 (b) Creditable service - amount:

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

26 2. A seasonal employee shall be given 12 months of

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1           creditable service if he renders the number of months of  
2           service normally required by the position in a 12-month  
3           period and he remains in service for the entire 12-month  
4           period. Otherwise a fractional year of service in the  
5           number of months of service rendered shall be credited.

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

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

21          (d) Upon the granting of a retirement, surviving spouse or  
22          child annuity, a death benefit or a separation benefit, on  
23          account of any employee, all individual accumulated credits  
24          shall thereupon terminate. Upon the withdrawal of additional  
25          contributions, the credits applicable thereto shall thereupon  
26          terminate. Terminated credits shall not be applied to increase

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1          the benefits any remaining employee would otherwise receive  
2          under this Article.

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

4 (40 ILCS 5/9-219) (from Ch. 108 1/2, par. 9-219)

5 Sec. 9-219. Computation of service.

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

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

16 (a) The time during which he performed the duties of  
17 his position.

18 (b) Vacations, leaves of absence with whole or part  
19 pay, and leaves of absence without pay not longer than 90  
20 days.

21 (c) For an employee who is a member of a county police  
22 department or a correctional officer with the county  
23 department of corrections, approved leaves of absence  
24 without pay during which the employee serves as a full-time  
25 officer or employee of an employee association, the

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1 membership of which consists of other participants in the  
2 Fund, provided that the employee contributes to the Fund  
3 (1) the amount that he would have contributed had he  
4 remained an active employee in the position he occupied at  
5 the time the leave of absence was granted, (2) an amount  
6 calculated by the Board representing employer  
7 contributions, and (3) regular interest thereon from the  
8 date of service to the date of payment. However, if the  
9 employee's application to establish credit under this  
10 subsection is received by the Fund on or after July 1, 2002  
11 and before July 1, 2003, the amount representing employer  
12

contributions specified in item (2) shall be waived.

13 For a former member of a county police department who  
 14 has received a refund under Section 9-164, periods during  
 15 which the employee serves as head of an employee  
 16 association, the membership of which consists of other  
 17 police officers, provided that the employee contributes to  
 18 the Fund (1) the amount that he would have contributed had  
 19 he remained an active member of the county police  
 20 department in the position he occupied at the time he left  
 21 service, (2) an amount calculated by the Board representing  
 22 employer contributions, and (3) regular interest thereon  
 23 from the date of service to the date of payment. However,  
 24 if the former member of the county police department  
 25 retires on or after January 1, 1993 but no later than March  
 26 1, 1993, the amount representing employer contributions

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1 specified in item (2) shall be waived.

2 For leaves of absence to which this item (c) applies  
 3 and for other periods to which this item (c) applies,  
 4 including those leaves of absence and other periods of  
 5 service beginning before January 5, 2012 (the effective  
 6 date of Public Act 97-651) ~~this amendatory Act of the 97th~~  
 7 ~~General Assembly~~, the employee or former member must  
 8 continue to remain in sworn status, subject to the  
 9 professional standards of the public employer or those  
 10 terms established in statute.

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

13 (e) For a person who first becomes an employee before  
 14 the effective date of this amendatory Act of the 98th  
 15 General Assembly, accumulated ~~Accumulated~~ vacation or  
 16 other time for which an employee who retires on or after  
 17 November 1, 1990 receives a lump sum payment at the time of  
 18 retirement, provided that contributions were made to the  
 19 fund at the time such lump sum payment was received. The

20 service granted for the lump sum payment shall not change  
21 the employee's date of withdrawal for computing the  
22 effective date of the annuity.

23 (f) An employee who first becomes an employee before  
24 the effective date of this amendatory Act of the 98th  
25 General Assembly may receive service credit for annuity  
26 purposes for accumulated sick leave as of the date of the

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

14 (3) In computing the term of service of an employee on or  
15 after the effective date for ordinary disability benefit  
16 purposes, the following periods of time shall be counted as  
17 periods of service:

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

20 (b) Paid vacations and leaves of absence with whole or  
21 part pay.

22 (c) Any period for which he received duty disability  
23 benefit.

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

26 (4) For an employee who on January 1, 1958, was transferred

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1 by Act of the 70th General Assembly from his position in a  
 2 department of welfare of any city located in the county in  
 3 which this Article is in force and effect to a similar position  
 4 in a department of such county, service shall also be credited  
 5 for ordinary disability benefit and child's annuity for such  
 6 period of department of welfare service during which period he  
 7 was a contributor to a statutory annuity and benefit fund in  
 8 such city and for which purposes service credit would otherwise  
 9 not be credited by virtue of such involuntary transfer.

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

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

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

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

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

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

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

5 annuity purposes under Section 9-134, the following provisions  
6 shall govern:

7 (1) All periods prior to the effective date shall be  
8 computed in accordance with the provisions governing the  
9 computation of such service.

10 (2) Service on or after the effective date shall  
11 include:

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

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

21 (iii) For a person who first becomes an employee  
22 before the effective date of this amendatory Act of the  
23 98th General Assembly, accumulated ~~Accumulated~~  
24 vacation or other time for which an employee who  
25 retires on or after November 1, 1990 receives a lump

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1 sum payment at the time of retirement, provided that  
2 contributions were made to the fund at the time such  
3 lump sum payment was received. The service granted for  
4 the lump sum payment shall not change the employee's  
5 date of withdrawal for computing the effective date of  
6 the annuity.

7 (iv) For a person who first becomes an employee  
8 before the effective date of this amendatory Act of the  
9 98th General Assembly, accumulated ~~Accumulated~~ sick  
10 leave as of the date of the employee's withdrawal from  
11 service, not to exceed a total of 180 days, provided  
12 that the amount of such accumulated sick leave is  
13 certified by the County Comptroller to the Board and

14 the employee pays an amount equal to 8.5% (9% for  
15 members of the County Police Department who are  
16 eligible to receive an annuity under Section 9-128.1)  
17 of the amount that would have been paid had such  
18 accumulated sick leave been paid at the employee's  
19 final rate of salary. Such payment shall be made within  
20 30 days after the date of withdrawal and prior to  
21 receipt of the first annuity check. The service credit  
22 granted for such accumulated sick leave shall not  
23 change the employee's date of withdrawal for the  
24 purpose of computing the effective date of the annuity.

25 (v) Periods during which the employee has had  
26 contributions for annuity purposes made for him in

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1 accordance with law while on military leave of absence  
2 during World War II.

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

5 (vii) For any person who first becomes a member on  
6 or after January 1, 2011, the actual period of time the  
7 employee contributes or has contributed to the fund for  
8 service rendered up to the limitation on salary in  
9 subsection (b-5) of Section 1-160 plus the actual  
10 period of time thereafter for which the employee  
11 performs the duties of his position and ceased  
12 contributing due to the salary limitation in  
13 subsection (b-5) of Section 1-160.

14 (3) The right to have certain periods of time  
15 considered as service as stated in paragraph (2) of Section  
16 9-164 shall not apply for annuity purposes unless the  
17 refunds shall have been repaid in accordance with this  
18 Article.

19 (4) All service shall be computed in whole calendar  
20 months, and at least 15 days of service in any one calendar  
21 month shall constitute one calendar month of service, and 1



22 year of service shall be equal to the number of months,  
 23 days or hours for which an appropriation was made in the  
 24 annual appropriation ordinance for the position held by the  
 25 employee.

26 (5) Unused sick or vacation time shall not be used to

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1 compute the service of an employee who first becomes an  
 2 employee on or after the effective date of this amendatory  
 3 Act of the 98th General Assembly.

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

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

11 Weekly Basis: Service during any 17 weeks of any 1 calendar  
 12 year, and service during any week shall constitute a week of  
 13 service;

14 Daily Basis: Service during 100 days in any 1 calendar  
 15 year, and service during any day shall constitute a day of  
 16 service;

17 Hourly Basis: Service during 800 hours in any 1 calendar  
 18 year, and service during any hour shall constitute an hour of  
 19 service.

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

21 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)  
 22 Sec. 14-103.10. Compensation.

23 (a) For periods of service prior to January 1, 1978, the  
 24 full rate of salary or wages payable to an employee for  
 25 personal services performed if he worked the full normal

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1 working period for his position, subject to the following  
2 maximum amounts: (1) prior to July 1, 1951, \$400 per month or  
3 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957  
4 inclusive, \$625 per month or \$7,500 per year; (3) beginning  
5 July 1, 1957, no limitation.

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

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

- 16 (1) for vacation,
- 17 (2) for accumulated unused sick leave,
- 18 (3) upon discharge or dismissal,
- 19 (4) for approved holidays.

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

25 (d) For periods of service after September 30, 1985,  
26 compensation also includes any remuneration for personal

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1 services not included as "wages" under the Social Security  
2 Enabling Act, which is deducted for purposes of participation  
3 in a program established pursuant to Section 125 of the  
4 Internal Revenue Code or its successor laws.

5 (e) For members for which Section 1-160 applies for periods  
6 of service on and after January 1, 2011, all remuneration for  
7 personal services performed defined as "wages" under the Social

8 Security Enabling Act, excluding remuneration that is in excess  
9 of the annual earnings, salary, or wages of a member or  
10 participant, as provided in subsection (b-5) of Section 1-160,  
11 but including any benefits received by an employee under a sick  
12 pay plan in effect before January 1, 1981. Compensation shall  
13 exclude lump sum salary payments:

- 14 (1) for vacation;
- 15 (2) for accumulated unused sick leave;
- 16 (3) upon discharge or dismissal; and
- 17 (4) for approved holidays.

18 (f) Notwithstanding the other provisions of this Section,  
19 for service on or after July 1, 2013, "compensation" does not  
20 include any stipend payable to an employee for service on a  
21 board or commission.

22 (g) Notwithstanding any other provision of this Section,  
23 for an employee who first becomes a participant on or after the  
24 effective date of this amendatory Act of the 98th General  
25 Assembly, "compensation" does not include any payments or  
26 reimbursements for travel vouchers submitted more than 30 days

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1 after the last day of travel for which the voucher is  
2 submitted.

3 (h) Notwithstanding any other provision of this Code, the  
4 annual compensation of a Tier 1 member for the purposes of this  
5 Code 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 annual limitation determined  
8 from time to time under subsection (b-5) of Section 1-160 of  
9 this Code, (ii) the annualized compensation of the Tier 1  
10 member as of that effective date, or (iii) the annualized  
11 compensation of the Tier 1 member immediately preceding the  
12 expiration, renewal, or amendment of an employment contract or  
13 collective bargaining agreement in effect on that effective  
14 date.

15

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

16 (40 ILCS 5/14-103.40 new)

17 Sec. 14-103.40. Tier 1 member. "Tier 1 member": A member  
18 of this System who first became a member or participant before  
19 January 1, 2011 under any reciprocal retirement system or  
20 pension fund established under this Code other than a  
21 retirement system or pension fund established under Article 2,  
22 3, 4, 5, 6, or 18 of this Code.

23 (40 ILCS 5/14-104.3) (from Ch. 108 1/2, par. 14-104.3)

24 Sec. 14-104.3. Notwithstanding provisions contained in

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1 Section 14-103.10, any person who first becomes a member before  
2 the effective date of this amendatory Act of the 98th General  
3 Assembly and who at the time of retirement and after December  
4 6, 1983 receives compensation in a lump sum for accumulated  
5 vacation, sickness, or personal business may receive service  
6 credit for such periods by making contributions within 90 days  
7 of withdrawal, based on the rate of compensation in effect  
8 immediately prior to retirement and the contribution rate then  
9 in effect. Any person who first becomes a member on or after  
10 the effective date of this amendatory Act of the 98th General  
11 Assembly and who receives compensation in a lump sum for  
12 accumulated vacation, sickness, or personal business may not  
13 receive service credit for such periods. Exercising the option  
14 provided in this Section shall not change a member's date of  
15 withdrawal or final average compensation for purposes of  
16 computing the amount or effective date of a retirement annuity.  
17 Any annuitant who establishes service credit as herein provided  
18 shall have his retirement annuity adjusted retroactively to the  
19 date of retirement.

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

21 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

22 Sec. 14-106. Membership service credit.

23 (a) After January 1, 1944, all service of a member since he  
24 last became a member with respect to which contributions are  
25 made shall count as membership service; provided, that for

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1 service on and after July 1, 1950, 12 months of service shall  
2 constitute a year of membership service, the completion of 15  
3 days or more of service during any month shall constitute 1  
4 month of membership service, 8 to 15 days shall constitute 1/2  
5 month of membership service and less than 8 days shall  
6 constitute 1/4 month of membership service. The payroll record  
7 of each department shall constitute conclusive evidence of the  
8 record of service rendered by a member.

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

18 (c) A person who first becomes a member before the  
19 effective date of this amendatory Act of the 98th General  
20 Assembly shall be entitled to additional service credit, under  
21 rules prescribed by the Board, for accumulated unused sick  
22 leave credited to his account in the last Department on the  
23 date of withdrawal from service or for any period for which he  
24 would have been eligible to receive benefits under a sick pay  
25 plan authorized by law, if he had suffered a sickness or  
26 accident on the date of withdrawal from service. It shall be

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the responsibility of the last Department to certify to the Board the length of time salary or benefits would have been paid to the member based upon the accumulated unused sick leave or the applicable sick pay plan if he had become entitled thereto because of sickness on the date that his status as an employee terminated. This period of service credit granted under this paragraph shall not be considered in determining the date the retirement annuity is to begin, or final average compensation.

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

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

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

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

(b) A member who has at least 35 years of creditable service may claim his or her retirement annuity at any age. A member having at least 8 years of creditable service but less than 35 may claim his or her retirement annuity upon or after attainment of age 60 or, beginning January 1, 2001, any lesser age which, when added to the number of years of his or her

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creditable service, equals at least 85. A member upon or after attainment of age 55 having at least 25 years of creditable service (30 years if retirement is before January 1, 2001) may elect to receive the lower retirement annuity provided in paragraph (c) of Section 14-108 of this Code. For purposes of the rule of 85, portions of years shall be counted in whole months.

(c) Notwithstanding subsection (b) of this Section, for a

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

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

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

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

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

25 (5) If he or she is at least age 42 but less than age 43  
26 on June 1, 2014, then the required retirement ages under

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1 subsection (b) are increased by 16 months.

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

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

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

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

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

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

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

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

26           (14) If he or she is at least age 33 but less than age

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1           34 on June 1, 2014, then the required retirement ages under  
2           subsection (b) are increased by 52 months.

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

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

9           Notwithstanding Section 1-103.1, this subsection (c)  
10          applies without regard to whether or not the Tier 1 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          (d) The allowance shall begin with the first full calendar  
14          month specified in the member's application therefor, the first  
15          day of which shall not be before the date of withdrawal as  
16          approved by the board. Regardless of the date of withdrawal,  
17          the allowance need not begin within one year of application  
18          therefor.

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

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

21          Sec. 14-108. Amount of retirement annuity. A member who  
22          has contributed to the System for at least 12 months shall be  
23          entitled to a prior service annuity for each year of certified



24 prior service credited to him, except that a member shall  
25 receive 1/3 of the prior service annuity for each year of

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1 service for which contributions have been made and all of such  
2 annuity shall be payable after the member has made  
3 contributions for a period of 3 years. Proportionate amounts  
4 shall be payable for service of less than a full year after  
5 completion of at least 12 months.

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

15 (a) In the case of a member who retires on or after January  
16 1, 1998 and is a noncovered employee, the retirement annuity  
17 for membership service and prior service shall be 2.2% of final  
18 average compensation for each year of service. Any service  
19 credit established as a covered employee shall be computed as  
20 stated in paragraph (b).

21 (b) In the case of a member who retires on or after January  
22 1, 1998 and is a covered employee, the retirement annuity for  
23 membership service and prior service shall be computed as  
24 stated in paragraph (a) for all service credit established as a  
25 noncovered employee; for service credit established as a  
26 covered employee it shall be 1.67% of final average

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1 compensation for each year of service.

2

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

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

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

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eligible if coordination were not applicable.

(f) The retirement annuity payable to any covered employee who is a member of the System and in service on January 1, 1969, or in service thereafter in 1969 as a result of the legislation designated in the immediately preceding paragraph, if fully insured for Old Age Insurance payments under the Federal Social Security Act at the date of acceptance of a retirement annuity, shall not be less than an amount which when added to the Primary Insurance Benefit payable to the member

10 upon attainment of age 65 under such Federal Act, will equal  
11 the annuity which would otherwise be payable if the coordinated  
12 plan of coverage were not applicable.

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

26 (h) In the case of a member who is a covered employee, the

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1 retirement annuity for membership service as a security  
2 employee of the Department of Corrections or security employee  
3 of the Department of Human Services shall be: if retirement  
4 occurs on or after January 1, 2001, 2.5% of final average  
5 compensation for each year of creditable service; if retirement  
6 occurs before January 1, 2001, 1.67% of final average  
7 compensation for each of the first 10 years of service, 1.90%  
8 for each of the next 10 years of service, 2.10% for each year  
9 of service in excess of 20 but not exceeding 30, and 2.30% for  
10 each year in excess of 30.

11 (i) For the purposes of this Section and Section 14-133 of  
12 this Act, the term "security employee of the Department of  
13 Corrections" and the term "security employee of the Department  
14 of Human Services" shall have the meanings ascribed to them in  
15 subsection (c) of Section 14-110.

16 (j) The retirement annuity computed pursuant to paragraphs  
17 (g) or (h) shall be applicable only to those security employees

18 of the Department of Corrections and security employees of the  
19 Department of Human Services who have at least 20 years of  
20 membership service and who are not eligible for the alternative  
21 retirement annuity provided under Section 14-110. However,  
22 persons transferring to this System under Section 14-108.2 or  
23 14-108.2c who have service credit under Article 16 of this Code  
24 may count such service toward establishing their eligibility  
25 under the 20-year service requirement of this subsection; but  
26 such service may be used only for establishing such

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

3 (k) (Blank).

4 (l) The changes to this Section made by this amendatory Act  
5 of 1997 (changing certain retirement annuity formulas from a  
6 stepped rate to a flat rate) apply to members who retire on or  
7 after January 1, 1998, without regard to whether employment  
8 terminated before the effective date of this amendatory Act of  
9 1997. An annuity shall not be calculated in steps by using the  
10 new flat rate for some steps and the superseded stepped rate  
11 for other steps of the same type of service.

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

13 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)  
14 Sec. 14-110. Alternative retirement annuity.

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

24 (i) for periods of service as a noncovered employee: if

25 retirement occurs on or after January 1, 2001, 3% of final

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

7 (ii) for periods of eligible creditable service as a  
8 covered employee: if retirement occurs on or after January  
9 1, 2001, 2.5% of final average compensation for each year  
10 of creditable service; if retirement occurs before January  
11 1, 2001, 1.67% of final average compensation for each of  
12 the first 10 years of such service, 1.90% for each of the  
13 next 10 years of such service, 2.10% for each year of such  
14 service in excess of 20 but not exceeding 30, and 2.30% for  
15 each year in excess of 30.

16 Such annuity shall be subject to a maximum of 75% of final  
17 average compensation if retirement occurs before January 1,  
18 2001 or to a maximum of 80% of final average compensation if  
19 retirement occurs on or after January 1, 2001.

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

25 (a-5) Notwithstanding subsection (a) of this Section, for a  
26 Tier 1 member who begins receiving a retirement annuity under

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1 this Section on or after July 1, 2014, the required retirement  
2 age under subsection (a) is increased as follows, based on the  
3

Tier 1 member's age on June 1, 2014:

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

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

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

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

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

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

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

25           (8) If he or she is at least age 39 but less than age 40  
26           on June 1, 2014, then the required retirement ages under

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1           subsection (a) are increased by 28 months.

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

5           (10) If he or she is at least age 37 but less than age  
6           38 on June 1, 2014, then the required retirement ages under  
7           subsection (a) are increased by 36 months.

8           (11) If he or she is at least age 36 but less than age  
9           37 on June 1, 2014, then the required retirement ages under  
10           subsection (a) are increased by 40 months.

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

14 (13) If he or she is at least age 34 but less than age  
15 35 on June 1, 2014, then the required retirement ages under  
16 subsection (a) are increased by 48 months.

17 (14) If he or she is at least age 33 but less than age  
18 34 on June 1, 2014, then the required retirement ages under  
19 subsection (a) are increased by 52 months.

20 (15) If he or she is at least age 32 but less than age  
21 33 on June 1, 2014, then the required retirement ages under  
22 subsection (a) are increased by 56 months.

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

26 Notwithstanding Section 1-103.1, this subsection (a-5)

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1 applies without regard to whether or not the Tier 1 member is  
2 in active service under this Article on or after the effective  
3 date of this amendatory Act of the 98th General Assembly.

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

7 (1) State policeman;

8 (2) fire fighter in the fire protection service of a  
9 department;

10 (3) air pilot;

11 (4) special agent;

12 (5) investigator for the Secretary of State;

13 (6) conservation police officer;

14 (7) investigator for the Department of Revenue or the  
15 Illinois Gaming Board;

16 (8) security employee of the Department of Human  
17 Services;

18 (9) Central Management Services security police

- 19 officer;
- 20 (10) security employee of the Department of
- 21 Corrections or the Department of Juvenile Justice;
- 22 (11) dangerous drugs investigator;
- 23 (12) investigator for the Department of State Police;
- 24 (13) investigator for the Office of the Attorney
- 25 General;
- 26 (14) controlled substance inspector;

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- 1 (15) investigator for the Office of the State's
- 2 Attorneys Appellate Prosecutor;
- 3 (16) Commerce Commission police officer;
- 4 (17) arson investigator;
- 5 (18) State highway maintenance worker.

6 A person employed in one of the positions specified in this

7 subsection is entitled to eligible creditable service for

8 service credit earned under this Article while undergoing the

9 basic police training course approved by the Illinois Law

10 Enforcement Training Standards Board, if completion of that

11 training is required of persons serving in that position. For

12 the purposes of this Code, service during the required basic

13 police training course shall be deemed performance of the

14 duties of the specified position, even though the person is not

15 a sworn peace officer at the time of the training.

16 (c) For the purposes of this Section:

- 17 (1) The term "state policeman" includes any title or
- 18 position in the Department of State Police that is held by
- 19 an individual employed under the State Police Act.
- 20 (2) The term "fire fighter in the fire protection
- 21 service of a department" includes all officers in such fire
- 22 protection service including fire chiefs and assistant
- 23 fire chiefs.
- 24 (3) The term "air pilot" includes any employee whose
- 25 official job description on file in the Department of
- 26 Central Management Services, or in the department by which



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1 he is employed if that department is not covered by the  
2 Personnel Code, states that his principal duty is the  
3 operation of aircraft, and who possesses a pilot's license;  
4 however, the change in this definition made by this  
5 amendatory Act of 1983 shall not operate to exclude any  
6 noncovered employee who was an "air pilot" for the purposes  
7 of this Section on January 1, 1984.

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

20 (5) The term "investigator for the Secretary of State"  
21 means any person employed by the Office of the Secretary of  
22 State and vested with such investigative duties as render  
23 him ineligible for coverage under the Social Security Act  
24 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
25 218(1)(1) of that Act.

26 A person who became employed as an investigator for the

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1 Secretary of State between January 1, 1967 and December 31,  
2 1975, and who has served as such until attainment of age  
3 60, either continuously or with a single break in service

4 of not more than 3 years duration, which break terminated  
5 before January 1, 1976, shall be entitled to have his  
6 retirement annuity calculated in accordance with  
7 subsection (a), notwithstanding that he has less than 20  
8 years of credit for such service.

9 (6) The term "Conservation Police Officer" means any  
10 person employed by the Division of Law Enforcement of the  
11 Department of Natural Resources and vested with such law  
12 enforcement duties as render him ineligible for coverage  
13 under the Social Security Act by reason of Sections  
14 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The  
15 term "Conservation Police Officer" includes the positions  
16 of Chief Conservation Police Administrator and Assistant  
17 Conservation Police Administrator.

18 (7) The term "investigator for the Department of  
19 Revenue" means any person employed by the Department of  
20 Revenue and vested with such investigative duties as render  
21 him ineligible for coverage under the Social Security Act  
22 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
23 218(1)(1) of that Act.

24 The term "investigator for the Illinois Gaming Board"  
25 means any person employed as such by the Illinois Gaming  
26 Board and vested with such peace officer duties as render

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

4 (8) The term "security employee of the Department of  
5 Human Services" means any person employed by the Department  
6 of Human Services who (i) is employed at the Chester Mental  
7 Health Center and has daily contact with the residents  
8 thereof, (ii) is employed within a security unit at a  
9 facility operated by the Department and has daily contact  
10 with the residents of the security unit, (iii) is employed  
11 at a facility operated by the Department that includes a

12 security unit and is regularly scheduled to work at least  
13 50% of his or her working hours within that security unit,  
14 or (iv) is a mental health police officer. "Mental health  
15 police officer" means any person employed by the Department  
16 of Human Services in a position pertaining to the  
17 Department's mental health and developmental disabilities  
18 functions who is vested with such law enforcement duties as  
19 render the person ineligible for coverage under the Social  
20 Security Act by reason of Sections 218(d)(5)(A),  
21 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"  
22 means that portion of a facility that is devoted to the  
23 care, containment, and treatment of persons committed to  
24 the Department of Human Services as sexually violent  
25 persons, persons unfit to stand trial, or persons not  
26 guilty by reason of insanity. With respect to past

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1 employment, references to the Department of Human Services  
2 include its predecessor, the Department of Mental Health  
3 and Developmental Disabilities.

4 The changes made to this subdivision (c)(8) by Public  
5 Act 92-14 apply to persons who retire on or after January  
6 1, 2001, notwithstanding Section 1-103.1.

7 (9) "Central Management Services security police  
8 officer" means any person employed by the Department of  
9 Central Management Services who is vested with such law  
10 enforcement duties as render him ineligible for coverage  
11 under the Social Security Act by reason of Sections  
12 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

13 (10) For a member who first became an employee under  
14 this Article before July 1, 2005, the term "security  
15 employee of the Department of Corrections or the Department  
16 of Juvenile Justice" means any employee of the Department  
17 of Corrections or the Department of Juvenile Justice or the  
18 former Department of Personnel, and any member or employee  
19 of the Prisoner Review Board, who has daily contact with

20 inmates or youth by working within a correctional facility  
21 or Juvenile facility operated by the Department of Juvenile  
22 Justice or who is a parole officer or an employee who has  
23 direct contact with committed persons in the performance of  
24 his or her job duties. For a member who first becomes an  
25 employee under this Article on or after July 1, 2005, the  
26 term means an employee of the Department of Corrections or

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1 the Department of Juvenile Justice who is any of the  
2 following: (i) officially headquartered at a correctional  
3 facility or Juvenile facility operated by the Department of  
4 Juvenile Justice, (ii) a parole officer, (iii) a member of  
5 the apprehension unit, (iv) a member of the intelligence  
6 unit, (v) a member of the sort team, or (vi) an  
7 investigator.

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

11 (12) The term "investigator for the Department of State  
12 Police" means a person employed by the Department of State  
13 Police who is vested under Section 4 of the Narcotic  
14 Control Division Abolition Act with such law enforcement  
15 powers as render him ineligible for coverage under the  
16 Social Security Act by reason of Sections 218(d)(5)(A),  
17 218(d)(8)(D) and 218(1)(1) of that Act.

18 (13) "Investigator for the Office of the Attorney  
19 General" means any person who is employed as such by the  
20 Office of the Attorney General and is vested with such  
21 investigative 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. For  
24 the period before January 1, 1989, the term includes all  
25 persons who were employed as investigators by the Office of  
26 the Attorney General, without regard to social security

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1 status.

2 (14) "Controlled substance inspector" means any person  
3 who is employed as such by the Department of Professional  
4 Regulation and is vested with such law enforcement duties  
5 as render him ineligible for coverage under the Social  
6 Security Act by reason of Sections 218(d)(5)(A),  
7 218(d)(8)(D) and 218(1)(1) of that Act. The term  
8 "controlled substance inspector" includes the Program  
9 Executive of Enforcement and the Assistant Program  
10 Executive of Enforcement.

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

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

22 (17) "Arson investigator" means any person who is  
23 employed as such by the Office of the State Fire Marshal  
24 and is vested with such law enforcement duties as render  
25 the person ineligible for coverage under the Social  
26 Security Act by reason of Sections 218(d)(5)(A),

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1 218(d)(8)(D), and 218(1)(1) of that Act. A person who was  
2 employed as an arson investigator on January 1, 1995 and is  
3 no longer in service but not yet receiving a retirement  
4 annuity may convert his or her creditable service for  
5 employment as an arson investigator into eligible

6           creditable service by paying to the System the difference  
7           between the employee contributions actually paid for that  
8           service and the amounts that would have been contributed if  
9           the applicant were contributing at the rate applicable to  
10          persons with the same social security status earning  
11          eligible creditable service on the date of application.

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

14                   (i) A person employed on a full-time basis by the  
15                   Illinois Department of Transportation in the position  
16                   of highway maintainer, highway maintenance lead  
17                   worker, highway maintenance lead/lead worker, heavy  
18                   construction equipment operator, power shovel  
19                   operator, or bridge mechanic; and whose principal  
20                   responsibility is to perform, on the roadway, the  
21                   actual maintenance necessary to keep the highways that  
22                   form a part of the State highway system in serviceable  
23                   condition for vehicular traffic.

24                   (ii) A person employed on a full-time basis by the  
25                   Illinois State Toll Highway Authority in the position  
26                   of equipment operator/laborer H-4, equipment

1           operator/laborer H-6, welder H-4, welder H-6,  
2           mechanical/electrical H-4, mechanical/electrical H-6,  
3           water/sewer H-4, water/sewer H-6, sign maker/hanger  
4           H-4, sign maker/hanger H-6, roadway lighting H-4,  
5           roadway lighting H-6, structural H-4, structural H-6,  
6           painter H-4, or painter H-6; and whose principal  
7           responsibility is to perform, on the roadway, the  
8           actual maintenance necessary to keep the Authority's  
9           tollways in serviceable condition for vehicular  
10          traffic.

11           (d) A security employee of the Department of Corrections or  
12          the Department of Juvenile Justice, and a security employee of  
13

the Department of Human Services who is not a mental health  
 14 police officer, shall not be eligible for the alternative  
 15 retirement annuity provided by this Section unless he or she  
 16 meets the following minimum age and service requirements at the  
 17 time of retirement:

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

19 or

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

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

26 (iv) beginning January 1, 1989, 25 years of eligible

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1 creditable service and age 52, or 22 years of eligible  
 2 creditable service and age 55; or

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

6 (vi) beginning January 1, 1991, 25 years of eligible  
 7 creditable service and age 50, or 20 years of eligible  
 8 creditable service and age 55.

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

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

21 (e) If a member enters military service while working in a  
22 position in which eligible creditable service may be earned,  
23 and returns to State service in the same or another such  
24 position, and fulfills in all other respects the conditions  
25 prescribed in this Article for credit for military service,  
26 such military service shall be credited as eligible creditable

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1 service for the purposes of the retirement annuity prescribed  
2 in this Section.

3 (f) For purposes of calculating retirement annuities under  
4 this Section, periods of service rendered after December 31,  
5 1968 and before October 1, 1975 as a covered employee in the  
6 position of special agent, conservation police officer, mental  
7 health police officer, or investigator for the Secretary of  
8 State, shall be deemed to have been service as a noncovered  
9 employee, provided that the employee pays to the System prior  
10 to retirement an amount equal to (1) the difference between the  
11 employee contributions that would have been required for such  
12 service as a noncovered employee, and the amount of employee  
13 contributions actually paid, plus (2) if payment is made after  
14 July 31, 1987, regular interest on the amount specified in item  
15 (1) from the date of service to the date of payment.

16 For purposes of calculating retirement annuities under  
17 this Section, periods of service rendered after December 31,  
18 1968 and before January 1, 1982 as a covered employee in the  
19 position of investigator for the Department of Revenue shall be  
20 deemed to have been service as a noncovered employee, provided  
21 that the employee pays to the System prior to retirement an  
22 amount equal to (1) the difference between the employee  
23 contributions that would have been required for such service as  
24 a noncovered employee, and the amount of employee contributions  
25 actually paid, plus (2) if payment is made after January 1,  
26 1990, regular interest on the amount specified in item (1) from



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1 the date of service to the date of payment.

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

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

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1 (h) Subject to the limitation in subsection (i), a State  
2 policeman or investigator for the Secretary of State may elect  
3 to establish eligible creditable service for up to 12 years of  
4 his service as a policeman under Article 5, by filing a written  
5 election with the Board on or before January 31, 1992, and

6 paying to the System by January 31, 1994 an amount to be  
7 determined by the Board, equal to (i) the difference between  
8 the amount of employee and employer contributions transferred  
9 to the System under Section 5-236, and the amounts that would  
10 have been contributed had such contributions been made at the  
11 rates applicable to State policemen, plus (ii) interest thereon  
12 at the effective rate for each year, compounded annually, from  
13 the date of service to the date of payment.

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

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1 the date of service to the date of payment.

2 Subject to the limitation in subsection (i), a State  
3 policeman, conservation police officer, or investigator for  
4 the Secretary of State may elect to establish eligible  
5 creditable service for up to 5 years of service as a police  
6 officer under Article 3, a policeman under Article 5, a  
7 sheriff's law enforcement employee under Article 7, a member of  
8 the county police department under Article 9, or a police  
9 officer under Article 15 by filing a written election with the  
10 Board and paying to the System an amount to be determined by  
11 the Board, equal to (i) the difference between the amount of  
12 employee and employer contributions transferred to the System  
13 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4

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

19 Subject to the limitation in subsection (i), an  
20 investigator for the Office of the Attorney General, or an  
21 investigator for the Department of Revenue, may elect to  
22 establish eligible creditable service for up to 5 years of  
23 service as a police officer under Article 3, a policeman under  
24 Article 5, a sheriff's law enforcement employee under Article  
25 7, or a member of the county police department under Article 9  
26 by filing a written election with the Board within 6 months

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1 after August 25, 2009 (the effective date of Public Act 96-745)  
2 and paying to the System an amount to be determined by the  
3 Board, equal to (i) the difference between the amount of  
4 employee and employer contributions transferred to the System  
5 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the  
6 amounts that would have been contributed had such contributions  
7 been made at the rates applicable to State policemen, plus (ii)  
8 interest thereon at the actuarially assumed rate for each year,  
9 compounded annually, from the date of service to the date of  
10 payment.

11 Subject to the limitation in subsection (i), a State  
12 policeman, conservation police officer, investigator for the  
13 Office of the Attorney General, an investigator for the  
14 Department of Revenue, or investigator for the Secretary of  
15 State may elect to establish eligible creditable service for up  
16 to 5 years of service as a person employed by a participating  
17 municipality to perform police duties, or law enforcement  
18 officer employed on a full-time basis by a forest preserve  
19 district under Article 7, a county corrections officer, or a  
20 court services officer under Article 9, by filing a written  
21 election with the Board within 6 months after August 25, 2009

22 (the effective date of Public Act 96-745) and paying to the  
23 System an amount to be determined by the Board, equal to (i)  
24 the difference between the amount of employee and employer  
25 contributions transferred to the System under Sections 7-139.8  
26 and 9-121.10 and the amounts that would have been contributed

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

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

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

23 (k) Subject to the limitation in subsection (i) of this  
24 Section, an alternative formula employee may elect to establish  
25 eligible creditable service for periods spent as a full-time  
26 law enforcement officer or full-time corrections officer

1 employed by the federal government or by a state or local  
2 government located outside of Illinois, for which credit is not  
3 held in any other public employee pension fund or retirement  
4 system. To obtain this credit, the applicant must file a  
5 written application with the Board by March 31, 1998,  
6 accompanied by evidence of eligibility acceptable to the Board  
7 and payment of an amount to be determined by the Board, equal  
8 to (1) employee contributions for the credit being established,  
9 based upon the applicant's salary on the first day as an  
10 alternative formula employee after the employment for which  
11 credit is being established and the rates then applicable to  
12 alternative formula employees, plus (2) an amount determined by  
13 the Board to be the employer's normal cost of the benefits  
14 accrued for the credit being established, plus (3) regular  
15 interest on the amounts in items (1) and (2) from the first day  
16 as an alternative formula employee after the employment for  
17 which credit is being established to the date of payment.

18 (1) Subject to the limitation in subsection (i), a security  
19 employee of the Department of Corrections may elect, not later  
20 than July 1, 1998, to establish eligible creditable service for  
21 up to 10 years of his or her service as a policeman under  
22 Article 3, by filing a written election with the Board,  
23 accompanied by payment of an amount to be determined by the  
24 Board, equal to (i) the difference between the amount of  
25 employee and employer contributions transferred to the System  
26 under Section 3-110.5, and the amounts that would have been

1 contributed had such contributions been made at the rates  
2 applicable to security employees of the Department of  
3 Corrections, plus (ii) interest thereon at the effective rate  
4 for each year, compounded annually, from the date of service to  
5 the date of payment.

6 (m) The amendatory changes to this Section made by this

7 amendatory Act of the 94th General Assembly apply only to: (1)  
 8 security employees of the Department of Juvenile Justice  
 9 employed by the Department of Corrections before the effective  
 10 date of this amendatory Act of the 94th General Assembly and  
 11 transferred to the Department of Juvenile Justice by this  
 12 amendatory Act of the 94th General Assembly; and (2) persons  
 13 employed by the Department of Juvenile Justice on or after the  
 14 effective date of this amendatory Act of the 94th General  
 15 Assembly who are required by subsection (b) of Section 3-2.5-15  
 16 of the Unified Code of Corrections to have a bachelor's or  
 17 advanced degree from an accredited college or university with a  
 18 specialization in criminal justice, education, psychology,  
 19 social work, or a closely related social science or, in the  
 20 case of persons who provide vocational training, who are  
 21 required to have adequate knowledge in the skill for which they  
 22 are providing the vocational training.

23 (n) A person employed in a position under subsection (b) of  
 24 this Section who has purchased service credit under subsection  
 25 (j) of Section 14-104 or subsection (b) of Section 14-105 in  
 26 any other capacity under this Article may convert up to 5 years

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1 of that service credit into service credit covered under this  
 2 Section by paying to the Fund an amount equal to (1) the  
 3 additional employee contribution required under Section  
 4 14-133, plus (2) the additional employer contribution required  
 5 under Section 14-131, plus (3) interest on items (1) and (2) at  
 6 the actuarially assumed rate from the date of the service to  
 7 the date of payment.

8 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;  
 9 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.  
 10 7-2-10.)

11 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)  
 12 Sec. 14-114. Automatic increase in retirement annuity.

13 (a) This subsection (a) is subject to subsections (a-1) and

14 (a-2) of this Section. Any person receiving a retirement  
15 annuity under this Article who retires having attained age 60,  
16 or who retires before age 60 having at least 35 years of  
17 creditable service, or who retires on or after January 1, 2001  
18 at an age which, when added to the number of years of his or her  
19 creditable service, equals at least 85, shall, on January 1  
20 next following the first full year of retirement, have the  
21 amount of the then fixed and payable monthly retirement annuity  
22 increased 3%. Any person receiving a retirement annuity under  
23 this Article who retires before attainment of age 60 and with  
24 less than (i) 35 years of creditable service if retirement is  
25 before January 1, 2001, or (ii) the number of years of

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1 creditable service which, when added to the member's age, would  
2 equal 85, if retirement is on or after January 1, 2001, shall  
3 have the amount of the fixed and payable retirement annuity  
4 increased by 3% on the January 1 occurring on or next following  
5 (1) attainment of age 60, or (2) the first anniversary of  
6 retirement, whichever occurs later. However, for persons who  
7 receive the alternative retirement annuity under Section  
8 14-110, references in this subsection (a) to attainment of age  
9 60 shall be deemed to refer to attainment of age 55. For a  
10 person receiving early retirement incentives under Section  
11 14-108.3 whose retirement annuity began after January 1, 1992  
12 pursuant to an extension granted under subsection (e) of that  
13 Section, the first anniversary of retirement shall be deemed to  
14 be January 1, 1993. For a person who retires on or after June  
15 28, 2001 and on or before October 1, 2001, and whose retirement  
16 annuity is calculated, in whole or in part, under Section  
17 14-110 or subsection (g) or (h) of Section 14-108, the first  
18 anniversary of retirement shall be deemed to be January 1,  
19 2002.

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

23 Beginning January 1, 1990, all automatic annual increases  
24 payable under this Section shall be calculated as a percentage  
25 of the total annuity payable at the time of the increase,  
26 including previous increases granted under this Article.

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

10 Beginning January 1, 2016, the \$800 (\$1,000 for portions of  
11 the annuity based on service as a noncovered employee) referred  
12 in item (2) of this subsection (a-1) shall be increased on each  
13 January 1 by the annual unadjusted percentage increase (but not  
14 less than zero) in the consumer price index-u for the 12 months  
15 ending with the preceding September; these adjustments shall be  
16 cumulative and compounded. For the purposes of this subsection  
17 (a-1), "consumer price index-u" means the index published by  
18 the Bureau of Labor Statistics of the United States Department  
19 of Labor that measures the average change in prices of goods  
20 and services purchased by all urban consumers, United States  
21 city average, all items, 1982-84 = 100. The new dollar amount  
22 resulting from each annual adjustment shall be determined by  
23 the Public Pension Division of the Department of Insurance and  
24 made available to the System by November 1 of each year.

25 This subsection (a-1) is applicable without regard to  
26 whether the person is in service on or after the effective date

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

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

5 (1) the second automatic annual increase payable under  
6 subsection (a) shall be at the rate of 0% of the total  
7 annuity payable at the time of the increase if he or she is  
8 at least age 50 on the effective date of this amendatory  
9 Act;

10 (2) the second, fourth, and sixth automatic annual  
11 increases payable under subsection (a) shall be at the rate  
12 of 0% of the total annuity payable at the time of the  
13 increase if he or she is at least age 47 but less than age  
14 50 on the effective date of this amendatory Act;

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

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

25 For the purposes of Section 1-103.1, this subsection (a-2)  
26 is applicable without regard to whether the person is in

1 service on or after the effective date of this amendatory Act  
2 of the 98th General Assembly.

3 (b) The provisions of subsection (a) of this Section shall  
4 be applicable to an employee only if the employee makes the  
5 additional contributions required after December 31, 1969 for  
6 the purpose of the automatic increases for not less than the  
7 equivalent of one full year. If an employee becomes an

8 annuitant before his additional contributions equal one full  
9 year's contributions based on his salary at the date of  
10 retirement, the employee may pay the necessary balance of the  
11 contributions to the system, without interest, and be eligible  
12 for the increasing annuity authorized by this Section.

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

18 (d) In addition to other increases which may be provided by  
19 this Section, on January 1, 1981 any annuitant who was  
20 receiving a retirement annuity on or before January 1, 1971  
21 shall have his retirement annuity then being paid increased \$1  
22 per month for each year of creditable service. On January 1,  
23 1982, any annuitant who began receiving a retirement annuity on  
24 or before January 1, 1977, shall have his retirement annuity  
25 then being paid increased \$1 per month for each year of  
26 creditable service.

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

6 (e) Every person who receives the alternative retirement  
7 annuity under Section 14-110 and who is eligible to receive the  
8 3% increase under subsection (a) on January 1, 1986, shall also  
9 receive on that date a one-time increase in retirement annuity  
10 equal to the difference between (1) his actual retirement  
11 annuity on that date, including any increases received under  
12 subsection (a), and (2) the amount of retirement annuity he  
13 would have received on that date if the amendments to  
14 subsection (a) made by Public Act 84-162 had been in effect  
15 since the date of his retirement.

16 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;  
17 92-651, eff. 7-11-02.)

18 (40 ILCS 5/14-115) (from Ch. 108 1/2, par. 14-115)  
19 Sec. 14-115. Supplemental Annuity.

20 (a) Each annuitant, who retired at age 55 or over and after  
21 the completion of at least 15 years of creditable service,  
22 whose status as an employee terminated before January 1, 1970,  
23 is entitled to a monthly supplemental annuity effective January  
24 1, 1970, or on January 1 nearest the annuitant's 65th birthday,  
25 whichever is later. Such supplemental annuity shall be 1-1/2%

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1 of the monthly retirement annuity, multiplied by the number of  
2 full years which elapsed from the date of the member's latest  
3 retirement to the effective date of the supplemental annuity.  
4 This monthly supplemental annuity shall be increased on each  
5 January 1 thereafter during the lifetime of the annuitant by  
6 1-1/2% of the monthly retirement annuity disregarding any  
7 supplemental annuity previously granted. Beginning January 1,  
8 1972, the rate of increase in the supplemental annuity shall be  
9 2%. Beginning January 1, 1979, the rate of increase in the  
10 supplemental annuity shall be 3%.

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

15 (b) Any member who retired with less than 15 years of  
16 creditable service whose status as an employee terminated  
17 before January 1, 1970, shall be entitled to an increase of 3%  
18 of the original monthly retirement allowance, effective  
19 January 1, 1982, or on January 1 nearest the annuitant's 65th  
20 birthday, whichever is later. On each January 1 thereafter  
21 during the lifetime of the member, he shall be entitled to an  
22 additional increase of 3% of the original monthly retirement  
23 allowance. No qualifying contribution is required for the

24 supplemental annuity under this subsection.

25 (c) Beginning January 1, 1990, all automatic annual  
26 increases payable under this Section shall be calculated as a

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1 percentage of the total monthly amount of annuity payable at  
2 the time of the increase, including any supplemental annuity or  
3 other increase previously granted under this Article.

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

13 Beginning January 1, 2016, the \$800 (\$1,000 for portions of  
14 the annuity based on service as a noncovered employee) referred  
15 in item (2) of this subsection (d) shall be increased on each  
16 January 1 by the annual unadjusted percentage increase (but not  
17 less than zero) in the consumer price index-u for the 12 months  
18 ending with the preceding September; these adjustments shall be  
19 cumulative and compounded. For the purposes of this subsection  
20 (d), "consumer price index-u" means the index published by the  
21 Bureau of Labor Statistics of the United States Department of  
22 Labor that measures the average change in prices of goods and  
23 services purchased by all urban consumers, United States city  
24 average, all items, 1982-84 = 100. The new dollar amount  
25 resulting from each annual adjustment shall be determined by  
26 the Public Pension Division of the Department of Insurance and

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made available to the System by November 1 of each year.

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

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

(40 ILCS 5/14-131)

Sec. 14-131. Contributions by State.

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

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

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

The Board shall also determine a State contribution rate for each fiscal year, expressed as a percentage of payroll,

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based on the total required State contribution for that fiscal year (less the amount received by the System from appropriations under Section 8.12 of the State Finance Act and Section 1 of the State Pension Funds Continuing Appropriation Act, if any, for the fiscal year ending on the June 30 immediately preceding the applicable November 15 certification deadline), the estimated payroll (including all forms of compensation) for personal services rendered by eligible

9 employees, and the recommendations of the actuary.

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

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

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1 instead make payments as required under subsection (a-1) of  
2 Section 14.1 of the State Finance Act. The several departments  
3 shall resume those contributions at the commencement of fiscal  
4 year 2005.

5 (c-1) Notwithstanding subsection (c) of this Section, for  
6 fiscal years 2010, 2012, 2013, and 2014 only, contributions by  
7 the several departments are not required to be made for General  
8 Revenue Funds payrolls processed by the Comptroller. Payrolls  
9 paid by the several departments from all other State funds must  
10 continue to be processed pursuant to subsection (c) of this  
11 Section.

12 (c-2) For State fiscal years 2010, 2012, 2013, and 2014  
13 only, on or as soon as possible after the 15th day of each  
14 month, the Board shall submit vouchers for payment of State  
15 contributions to the System, in a total monthly amount of  
16 one-twelfth of the fiscal year General Revenue Fund

17 contribution as certified by the System pursuant to Section  
18 14-135.08 of the Illinois Pension Code.

19 (d) If an employee is paid from trust funds or federal  
20 funds, the department or other employer shall pay employer  
21 contributions from those funds to the System at the certified  
22 rate, unless the terms of the trust or the federal-State  
23 agreement preclude the use of the funds for that purpose, in  
24 which case the required employer contributions shall be paid by  
25 the State. From the effective date of this amendatory Act of  
26 the 93rd General Assembly through the payment of the final

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1 payroll from fiscal year 2004 appropriations, the department or  
2 other employer shall not pay contributions for the remainder of  
3 fiscal year 2004 but shall instead make payments as required  
4 under subsection (a-1) of Section 14.1 of the State Finance  
5 Act. The department or other employer shall resume payment of  
6 contributions at the commencement of fiscal year 2005.

7 (e) 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 projected  
18 unit cost method for fiscal year 2015 and under the entry age  
19 normal actuarial cost method for fiscal years 2016 through  
20 2044.

21 For State fiscal years 2012 through ~~2014~~ 2045, the minimum  
22 contribution to the System to be made by the State for each  
23 fiscal year shall be an amount determined by the System to be  
24 sufficient to bring the total assets of the System up to 90% of

25 the total actuarial liabilities of the System by the end of  
26 State fiscal year 2045. In making these determinations, the

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1 required State contribution shall be calculated each year as a  
2 level percentage of payroll over the years remaining to and  
3 including fiscal year 2045 and shall be determined under the  
4 projected unit credit actuarial cost method.

5 For State fiscal years 1996 through 2005, the State  
6 contribution to the System, as a percentage of the applicable  
7 employee payroll, shall be increased in equal annual increments  
8 so that by State fiscal year 2011, the State is contributing at  
9 the rate required under this Section; except that (i) for State  
10 fiscal year 1998, for all purposes of this Code and any other  
11 law of this State, the certified percentage of the applicable  
12 employee payroll shall be 5.052% for employees earning eligible  
13 creditable service under Section 14-110 and 6.500% for all  
14 other employees, notwithstanding any contrary certification  
15 made under Section 14-135.08 before the effective date of this  
16 amendatory Act of 1997, and (ii) in the following specified  
17 State fiscal years, the State contribution to the System shall  
18 not be less than the following indicated percentages of the  
19 applicable employee payroll, even if the indicated percentage  
20 will produce a State contribution in excess of the amount  
21 otherwise required under this subsection and subsection (a):  
22 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY  
23 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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1 Notwithstanding any other provision of this Article, the



2 total required State contribution to the System for State  
3 fiscal year 2007 is \$344,164,400.

4 For each of State fiscal years 2008 through 2009, the State  
5 contribution to the System, as a percentage of the applicable  
6 employee payroll, shall be increased in equal annual increments  
7 from the required State contribution for State fiscal year  
8 2007, so that by State fiscal year 2011, the State is  
9 contributing at the rate otherwise required under this Section.

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

20 Notwithstanding any other provision of this Article, the  
21 total required State General Revenue Fund contribution for  
22 State fiscal year 2011 is the amount recertified by the System  
23 on or before April 1, 2011 pursuant to Section 14-135.08 and  
24 shall be made from the proceeds of bonds sold in fiscal year  
25 2011 pursuant to Section 7.2 of the General Obligation Bond  
26 Act, less (i) the pro rata share of bond sale expenses

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1 determined by the System's share of total bond proceeds, (ii)  
2 any amounts received from the General Revenue Fund in fiscal  
3 year 2011, and (iii) any reduction in bond proceeds due to the  
4 issuance of discounted bonds, if applicable.

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

9 ~~Beginning in State fiscal year 2046, the minimum State~~

10 ~~contribution for each fiscal year shall be the amount needed to~~  
11 ~~maintain the total assets of the System at 90% of the total~~  
12 ~~actuarial liabilities of the System.~~

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

25 Notwithstanding any other provision of this Section, the  
26 required State contribution for State fiscal year 2005 and for

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

18 required State contribution for State fiscal year 2007 plus the  
19 applicable portion of the State's total debt service payments  
20 for fiscal year 2007 on the bonds issued in fiscal year 2003  
21 for the purposes of Section 7.2 of the General Obligation Bond  
22 Act, so that, by State fiscal year 2011, the State is  
23 contributing at the rate otherwise required under this Section.

24 (f) After the submission of all payments for eligible  
25 employees from personal services line items in fiscal year 2004  
26 have been made, the Comptroller shall provide to the System a

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1 certification of the sum of all fiscal year 2004 expenditures  
2 for personal services that would have been covered by payments  
3 to the System under this Section if the provisions of this  
4 amendatory Act of the 93rd General Assembly had not been  
5 enacted. Upon receipt of the certification, the System shall  
6 determine the amount due to the System based on the full rate  
7 certified by the Board under Section 14-135.08 for fiscal year  
8 2004 in order to meet the State's obligation under this  
9 Section. The System shall compare this amount due to the amount  
10 received by the System in fiscal year 2004 through payments  
11 under this Section and under Section 6z-61 of the State Finance  
12 Act. If the amount due is more than the amount received, the  
13 difference shall be termed the "Fiscal Year 2004 Shortfall" for  
14 purposes of this Section, and the Fiscal Year 2004 Shortfall  
15 shall be satisfied under Section 1.2 of the State Pension Funds  
16 Continuing Appropriation Act. If the amount due is less than  
17 the amount received, the difference shall be termed the "Fiscal  
18 Year 2004 Overpayment" for purposes of this Section, and the  
19 Fiscal Year 2004 Overpayment shall be repaid by the System to  
20 the Pension Contribution Fund as soon as practicable after the  
21 certification.

22 (g) For purposes of determining the required State  
23 contribution to the System, the value of the System's assets  
24 shall be equal to the actuarial value of the System's assets,  
25 which shall be calculated as follows:

26 As of June 30, 2008, the actuarial value of the System's

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1 assets shall be equal to the market value of the assets as of  
2 that date. In determining the actuarial value of the System's  
3 assets for fiscal years after June 30, 2008, any actuarial  
4 gains or losses from investment return incurred in a fiscal  
5 year shall be recognized in equal annual amounts over the  
6 5-year period following that fiscal year.

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

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

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1 Section, and the Fiscal Year 2010 Shortfall shall be satisfied  
2 under Section 1.2 of the State Pension Funds Continuing

3 Appropriation Act. If the amount due is less than the amount  
4 received, the difference shall be termed the "Fiscal Year 2010  
5 Overpayment" for purposes of this Section, and the Fiscal Year  
6 2010 Overpayment shall be repaid by the System to the General  
7 Revenue Fund as soon as practicable after the certification.

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

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1 received, the difference shall be termed the "Fiscal Year 2011  
2 Overpayment" for purposes of this Section, and the Fiscal Year  
3 2011 Overpayment shall be repaid by the System to the General  
4 Revenue Fund as soon as practicable after the certification.

5 (k) For fiscal years 2012 through 2014 only, after the  
6 submission of all payments for eligible employees from personal  
7 services line items paid from the General Revenue Fund in the  
8 fiscal year have been made, the Comptroller shall provide to  
9 the System a certification of the sum of all expenditures in  
10 the fiscal year for personal services. Upon receipt of the

11 certification, the System shall determine the amount due to the  
12 System based on the full rate certified by the Board under  
13 Section 14-135.08 for the fiscal year in order to meet the  
14 State's obligation under this Section. The System shall compare  
15 this amount due to the amount received by the System for the  
16 fiscal year. If the amount due is more than the amount  
17 received, the difference shall be termed the "Prior Fiscal Year  
18 Shortfall" for purposes of this Section, and the Prior Fiscal  
19 Year Shortfall shall be satisfied under Section 1.2 of the  
20 State Pension Funds Continuing Appropriation Act. If the amount  
21 due is less than the amount received, the difference shall be  
22 termed the "Prior Fiscal Year Overpayment" for purposes of this  
23 Section, and the Prior Fiscal Year Overpayment shall be repaid  
24 by the System to the General Revenue Fund as soon as  
25 practicable after the certification.

26 (Source: P.A. 97-72, eff. 7-1-11; 97-732, eff. 6-30-12; 98-24,

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1 eff. 6-19-13.)

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

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

4 (a) The payment of the required department contributions,  
5 all allowances, annuities, benefits granted under this  
6 Article, and all expenses of administration of the system are  
7 obligations of the State of Illinois to the extent specified in  
8 this Article.

9 (b) All income of the system shall be credited to a  
10 separate account for this system in the State treasury and  
11 shall be used to pay allowances, annuities, benefits and  
12 administration expense.

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

18 provision of law, if the State fails to pay an amount required  
19 under this subsection, it shall be the obligation of the Board  
20 to seek payment of the required amount in compliance with the  
21 provisions of this Section and, if the amount remains unpaid,  
22 to bring a mandamus action in the Supreme Court of Illinois to  
23 compel the State to make the required payment.

24 If the System submits a voucher for contributions required  
25 under Section 14-131 and the State fails to pay that voucher

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1 within 90 days of its receipt, the Board shall submit a written  
2 request to the Comptroller seeking payment. A copy of the  
3 request shall be filed with the Secretary of State, and the  
4 Secretary of State shall provide a copy to the Governor and  
5 General Assembly. No earlier than the 16th day after the System  
6 files the request with the Comptroller and Secretary of State,  
7 if the amount remains unpaid the Board shall commence a  
8 mandamus action in the Supreme Court of Illinois to compel the  
9 Comptroller to satisfy the voucher.

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

15 (d) Beginning in State fiscal year 2016, the State shall be  
16 obligated to make the transfers set forth in subsections (c-5)  
17 and (c-10) of Section 20 of the Budget Stabilization Act and to  
18 pay to the System its proportionate share of the transferred  
19 amounts in accordance with Section 25 of the Budget  
20 Stabilization Act. Notwithstanding any other provision of law,  
21 if the State fails to transfer an amount required under this  
22 subsection or to pay to the System its proportionate share of  
23 the transferred amount in accordance with Section 25 of the  
24 Budget Stabilization Act, it shall be the obligation of the  
25 Board to seek transfer or payment of the required amount in  
26 compliance with the provisions of this Section and, if the

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

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

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

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1 The obligations created by this subsection (d) expire when  
2 all of the requirements of subsections (c-5) and (c-10) of  
3 Section 20 of the Budget Stabilization Act and Section 25 of



4 the Budget Stabilization Act have been met.

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

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

20 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

25 (1) Covered employees, except as indicated below, 3.5%

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1 for retirement annuity, and 0.5% for a widow or survivors  
 2 annuity;

3 (2) Noncovered employees, except as indicated below,  
 4 7% for retirement annuity and 1% for a widow or survivors  
 5 annuity;

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

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

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

24 (6) Each security employee of the Department of  
 25 Corrections or of the Department of Human Services who is  
 26 not a covered employee, 1% for a widow or survivors annuity

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1 plus the following amount for retirement annuity: 8.5%  
 2 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and  
 3 11.5% in 2004 and thereafter.

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

8 (1) Covered employees, except as indicated below, 2.5%  
 9 for retirement annuity, and 0.5% for a widow or survivors  
 10 annuity;

11 (2) Noncovered employees, except as indicated below,  
 12 6% for retirement annuity and 1% for a widow or survivors  
 13 annuity;

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

18 (4) Covered employees serving in a position in which  
 19 "eligible creditable service" as defined in Section 14-110

20 may be earned, 7% for retirement annuity and 0.5% for a  
 21 widow or survivors annuity;

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

26 (6) Each security employee of the Department of

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1 Corrections or of the Department of Human Services who is  
 2 not a covered employee, 10.5% for retirement annuity and 1%  
 3 for a widow or survivors annuity.

4 (b) Contributions shall be in the form of a deduction from  
 5 compensation and shall be made notwithstanding that the  
 6 compensation paid in cash to the employee shall be reduced  
 7 thereby below the minimum prescribed by law or regulation. Each  
 8 member is deemed to consent and agree to the deductions from  
 9 compensation provided for in this Article, and shall receipt in  
 10 full for salary or compensation.

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

12 (40 ILCS 5/14-133.5 new)

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

17 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

19 (a) To certify to the Governor and to each department, on  
 20 or before November 15 of each year until November 15, 2011, the  
 21 required rate for State contributions to the System for the  
 22 next State fiscal year, as determined under subsection (b) of  
 23 Section 14-131. The certification to the Governor under this  
 24 subsection (a) shall include a copy of the actuarial

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1 recommendations upon which the rate is based and shall  
2 specifically identify the System's projected State normal cost  
3 for that fiscal year.

4 (a-5) On or before November 1 of each year, beginning  
5 November 1, 2012, the Board shall submit to the State Actuary,  
6 the Governor, and the General Assembly a proposed certification  
7 of the amount of the required State contribution to the System  
8 for the next fiscal year, along with all of the actuarial  
9 assumptions, calculations, and data upon which that proposed  
10 certification is based. On or before January 1 of each year  
11 beginning January 1, 2013, the State Actuary shall issue a  
12 preliminary report concerning the proposed certification and  
13 identifying, if necessary, recommended changes in actuarial  
14 assumptions that the Board must consider before finalizing its  
15 certification of the required State contributions. On or before  
16 January 15, 2013 and each January 15 thereafter, the Board  
17 shall certify to the Governor and the General Assembly the  
18 amount of the required State contribution for the next fiscal  
19 year. The Board's certification must note any deviations from  
20 the State Actuary's recommended changes, the reason or reasons  
21 for not following the State Actuary's recommended changes, and  
22 the fiscal impact of not following the State Actuary's  
23 recommended changes on the required State contribution.

24 (a-10) For purposes of Section (c-5) of Section 20 of the  
25 Budget Stabilization Act, on or before November 1 of each year  
26 beginning November 1, 2014, the Board shall determine the

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1 amount of the State contribution to the System that would have  
2 been required for the next fiscal year if this amendatory Act  
3 of the 98th General Assembly had not taken effect, using the  
4 best and most recent available data but based on the law in  
5 effect on May 31, 2014. The Board shall submit to the State

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

25 (b) The certifications under subsections (a) and (a-5)  
26 shall include an additional amount necessary to pay all

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1 principal of and interest on those general obligation bonds due  
2 the next fiscal year authorized by Section 7.2(a) of the  
3 General Obligation Bond Act and issued to provide the proceeds  
4 deposited by the State with the System in July 2003,  
5 representing deposits other than amounts reserved under  
6 Section 7.2(c) of the General Obligation Bond Act. For State  
7 fiscal year 2005, the Board shall make a supplemental  
8 certification of the additional amount necessary to pay all  
9 principal of and interest on those general obligation bonds due  
10 in State fiscal years 2004 and 2005 authorized by Section  
11 7.2(a) of the General Obligation Bond Act and issued to provide  
12 the proceeds deposited by the State with the System in July  
13

2003, representing deposits other than amounts reserved under  
14 Section 7.2(c) of the General Obligation Bond Act, as soon as  
15 practical after the effective date of this amendatory Act of  
16 the 93rd General Assembly.

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

24 On or before July 1, 2005, the Board shall recalculate and  
25 recertify to the Governor and to each department the amount of  
26 the required State contribution to the System and the required

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1 rates for State contributions to the System for State fiscal  
2 year 2006, taking into account the changes in required State  
3 contributions made by this amendatory Act of the 94th General  
4 Assembly.

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

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

13 (40 ILCS 5/14-152.1)

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

16 (a) As used in this Section, "new benefit increase" means  
17 an increase in the amount of any benefit provided under this  
18 Article, or an expansion of the conditions of eligibility for  
19 any benefit under this Article, that results from an amendment

20 to this Code that takes effect after June 1, 2005 (the  
21 effective date of Public Act 94-4). "New benefit increase",  
22 however, does not include any benefit increase resulting from  
23 the changes made to this Article by Public Act 96-37 or by this  
24 amendatory Act of the 98th ~~96th~~ General Assembly.

25 (b) Notwithstanding any other provision of this Code or any

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1 subsequent amendment to this Code, every new benefit increase  
2 is subject to this Section and shall be deemed to be granted  
3 only in conformance with and contingent upon compliance with  
4 the provisions of this Section.

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

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

25 (d) Every new benefit increase shall expire 5 years after  
26 its effective date or on such earlier date as may be specified

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1 in the language enacting the new benefit increase or provided  
 2 under subsection (c). This does not prevent the General  
 3 Assembly from extending or re-creating a new benefit increase  
 4 by law.

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

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

16 (40 ILCS 5/14-155 new)

17 Sec. 14-155. Defined contribution plan.

18 (a) By July 1, 2015, the System shall prepare and implement  
 19 a voluntary defined contribution plan for up to 5% of eligible  
 20 active Tier 1 members. The System shall determine the 5% cap by  
 21 the number of active Tier 1 members on the effective date of  
 22 this Section. The defined contribution plan developed under  
 23 this Section shall be a plan that aggregates employer and  
 24 employee contributions in individual participant accounts  
 25 which, after meeting any other requirements, are used for

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1 payouts after retirement in accordance with this Section and  
 2 any other applicable laws.

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

6 (1) Under the defined contribution plan, an active Tier



7 1 member of this System could elect to cease accruing  
8 benefits in the defined benefit plan under this Article and  
9 begin accruing benefits for future service in the defined  
10 contribution plan. Service credit under the defined  
11 contribution plan may be used for determining retirement  
12 eligibility under the defined benefit plan.

13 (2) Participants in the defined contribution plan  
14 shall pay employee contributions at the same rate as Tier 1  
15 members in this System who do not participate in the  
16 defined contribution plan.

17 (3) State contributions shall be paid into the accounts  
18 of all participants in the defined contribution plan at a  
19 uniform rate, expressed as a percentage of compensation and  
20 determined for each year. This rate shall be no higher than  
21 the employer's normal cost for Tier 1 members in the  
22 defined benefit plan for that year, as determined by the  
23 System and expressed as a percentage of compensation, and  
24 shall be no lower than 3% of compensation. The State shall  
25 adjust this rate annually.

26 (4) The defined contribution plan shall require 5 years

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1 of participation in the defined contribution plan before  
2 vesting in State contributions. If the participant fails to  
3 vest in them, the State contributions, and the earnings  
4 thereon, shall be forfeited.

5 (5) The defined contribution plan may provide for  
6 participants in the plan to be eligible for the defined  
7 disability benefits available to other participants under  
8 this Article. If it does, the System shall reduce the  
9 employee contributions credited to the member's defined  
10 contribution plan account by an amount determined by the  
11 System to cover the cost of offering such benefits.

12 (6) The defined contribution plan shall provide a  
13 variety of options for investments. These options shall  
14 include investments handled by the Illinois State Board of

15 Investment as well as private sector investment options.

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

19 (8) To the extent authorized under federal law and as  
20 authorized by the System, the plan shall allow former  
21 participants in the plan to transfer or roll over employee  
22 and vested State contributions, and the earnings thereon,  
23 into other qualified retirement plans.

24 (9) The System shall reduce the employee contributions  
25 credited to the member's defined contribution plan account  
26 by an amount determined by the System to cover the cost of

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1 offering these benefits and any applicable administrative  
2 fees.

3 (b) Only persons who are active Tier 1 members of the  
4 System on the effective date of this Section are eligible to  
5 participate in the defined contribution plan. Participation in  
6 the defined contribution plan shall be limited to the first 5%  
7 of eligible persons who elect to participate. The election to  
8 participate in the defined contribution plan is voluntary and  
9 irrevocable.

10 (c) An eligible Tier 1 employee may irrevocably elect to  
11 participate in the defined contribution plan by filing with the  
12 System a written application to participate that is received by  
13 the System prior to its determination that 5% of eligible  
14 persons have elected to participate in the defined contribution  
15 plan.

16 When the System first determines that 5% of eligible  
17 persons have elected to participate in the defined contribution  
18 plan, the System shall provide notice to previously eligible  
19 employees that the plan is no longer available and shall cease  
20 accepting applications to participate.

21 (d) The System shall make a good faith effort to contact  
22 each active Tier 1 member who is eligible to participate in the

23 defined contribution plan. The System shall mail information  
24 describing the option to join the defined contribution plan to  
25 each of these employees to his or her last known address on  
26 file with the System. If the employee is not responsive to

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1 other means of contact, it is sufficient for the System to  
2 publish the details of the option on its website.

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

18 (e) In no event shall the System, its staff, its authorized  
19 representatives, or the Board be liable for any information  
20 given to an employee under this Section. The System may  
21 coordinate with the Illinois Department of Central Management  
22 Services and other retirement systems administering a defined  
23 contribution plan in accordance with this amendatory Act of the  
24 98th General Assembly to provide information concerning the  
25 impact of the option set forth in this Section.

26 (f) Notwithstanding any other provision of this Section, no

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1 person shall begin participating in the defined contribution  
2 plan until it has attained qualified plan status and received  
3 all necessary approvals from the U.S. Internal Revenue Service.

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

9 (h) The Illinois State Board of Investments shall be the  
10 plan sponsor for the defined contribution plan established  
11 under this Section.

12 (i) The intent of this amendatory Act of the 98th General  
13 Assembly is to ensure that the State's normal cost of  
14 participation in the defined contribution plan is similar, and  
15 if possible equal, to the State's normal cost of participation  
16 in the defined benefit plan, unless a lower State's normal cost  
17 is necessary to ensure cost neutrality.

18 (40 ILCS 5/14-156 new)

19 Sec. 14-156. Defined contribution plan; termination. If  
20 the defined contribution plan is terminated or becomes  
21 inoperative pursuant to law, then each participant in the plan  
22 shall automatically be deemed to have been a contributing Tier  
23 1 member in the System's defined benefit plan during the time  
24 in which he or she participated in the defined contribution  
25 plan, and for that purpose the System shall be entitled to

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1 recover the amounts in the participant's defined contribution  
2 accounts.

3 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

4 Sec. 15-106. Employer. "Employer": The University of  
5 Illinois, Southern Illinois University, Chicago State  
6 University, Eastern Illinois University, Governors State  
7

University, Illinois State University, Northeastern Illinois  
8 University, Northern Illinois University, Western Illinois  
9 University, the State Board of Higher Education, the Illinois  
10 Mathematics and Science Academy, the University Civil Service  
11 Merit Board, the Board of Trustees of the State Universities  
12 Retirement System, the Illinois Community College Board,  
13 community college boards, any association of community college  
14 boards organized under Section 3-55 of the Public Community  
15 College Act, the Board of Examiners established under the  
16 Illinois Public Accounting Act, and, only during the period for  
17 which employer contributions required under Section 15-155 are  
18 paid, the following organizations: the alumni associations,  
19 the foundations and the athletic associations which are  
20 affiliated with the universities and colleges included in this  
21 Section as employers. An individual that begins employment  
22 after the effective date of this amendatory Act of the 98th  
23 General Assembly with an entity not defined as an employer in  
24 this Section shall not be deemed an employee for the purposes  
25 of this Article with respect to that employment and shall not

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

8 Notwithstanding any provision of law to the contrary, an  
9 individual who begins employment with any of the following  
10 employers on or after the effective date of this amendatory Act  
11 of the 98th General Assembly shall not be deemed an employee  
12 and shall not be eligible to participate in the System with  
13 respect to that employment: any association of community  
14 college boards organized under Section 3-55 of the Public  
15 Community College Act, the Association of Illinois

16 Middle-Grade Schools, the Illinois Association of School  
 17 Administrators, the Illinois Association for Supervision and  
 18 Curriculum Development, the Illinois Principals Association,  
 19 the Illinois Association of School Business Officials, or the  
 20 Illinois Special Olympics; provided, however, that those  
 21 individuals who are both employed and already participants in  
 22 the System on the effective date of this amendatory Act of the  
 23 98th General Assembly shall be allowed to continue as  
 24 participants in the System for the duration of that employment  
 25 and continue to earn service credit.

26 A department as defined in Section 14-103.04 is an employer

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

11 The cities of Champaign and Urbana shall be considered  
 12 employers, but only during the period for which contributions  
 13 are required to be made under subsection (b-1) of Section  
 14 15-155 and only with respect to individuals described in  
 15 subsection (h) of Section 15-107.

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

18 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)  
 19 Sec. 15-107. Employee.

20 (a) "Employee" means any member of the educational,  
 21 administrative, secretarial, clerical, mechanical, labor or  
 22 other staff of an employer whose employment is permanent and

23 continuous or who is employed in a position in which services  
24 are expected to be rendered on a continuous basis for at least  
25 4 months or one academic term, whichever is less, who (A)

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1 receives payment for personal services on a warrant issued  
2 pursuant to a payroll voucher certified by an employer and  
3 drawn by the State Comptroller upon the State Treasurer or by  
4 an employer upon trust, federal or other funds, or (B) is on a  
5 leave of absence without pay. Employment which is irregular,  
6 intermittent or temporary shall not be considered continuous  
7 for purposes of this paragraph.

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

9 (1) is a student enrolled in and regularly attending  
10 classes in a college or university which is an employer,  
11 and is employed on a temporary basis at less than full  
12 time;

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

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

17 (4) is eligible to participate in the Federal Civil  
18 Service Retirement System and is currently making  
19 contributions to that system based upon earnings paid by an  
20 employer;

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

24 (6) is hired after June 30, 1979 as a public service  
25 employment program participant under the Federal  
26 Comprehensive Employment and Training Act and receives

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earnings in whole or in part from funds provided under that Act; or

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

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

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

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

(e) A participant is considered an employee during (1) the first 60 days of disability leave, (2) the period, not to exceed one year, in which his or her eligibility for disability

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benefits is being considered by the board or reviewed by the courts, and (3) the period he or she receives disability benefits under the provisions of Section 15-152, workers' compensation or occupational disease benefits, or disability income under an insurance contract financed wholly or partially by the employer.

(f) Absences without pay, other than formal leaves of absence, of less than 30 calendar days, are not considered as



9 an interruption of a person's status as an employee. If such  
10 absences during any period of 12 months exceed 30 work days,  
11 the employee status of the person is considered as interrupted  
12 as of the 31st work day.

13 (g) A staff member whose employment contract requires  
14 services during an academic term is to be considered an  
15 employee during the summer and other vacation periods, unless  
16 he or she declines an employment contract for the succeeding  
17 academic term or his or her employment status is otherwise  
18 terminated, and he or she receives no earnings during these  
19 periods.

20 (h) An individual who was a participating employee employed  
21 in the fire department of the University of Illinois's  
22 Champaign-Urbana campus immediately prior to the elimination  
23 of that fire department and who immediately after the  
24 elimination of that fire department became employed by the fire  
25 department of the City of Urbana or the City of Champaign shall  
26 continue to be considered as an employee for purposes of this

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1 Article for so long as the individual remains employed as a  
2 firefighter by the City of Urbana or the City of Champaign. The  
3 individual shall cease to be considered an employee under this  
4 subsection (h) upon the first termination of the individual's  
5 employment as a firefighter by the City of Urbana or the City  
6 of Champaign.

7 (i) An individual who is employed on a full-time basis as  
8 an officer or employee of a statewide teacher organization that  
9 serves System participants or an officer of a national teacher  
10 organization that serves System participants may participate  
11 in the System and shall be deemed an employee, provided that  
12 (1) the individual has previously earned creditable service  
13 under this Article, (2) the individual files with the System an  
14 irrevocable election to become a participant before the  
15 effective date of this amendatory Act of the 97th General  
16 Assembly, (3) the individual does not receive credit for that

17 employment under any other Article of this Code, and (4) the  
18 individual first became a full-time employee of the teacher  
19 organization and becomes a participant before the effective  
20 date of this amendatory Act of the 97th General Assembly. An  
21 employee under this subsection (i) is responsible for paying to  
22 the System both (A) employee contributions based on the actual  
23 compensation received for service with the teacher  
24 organization and (B) employer contributions equal to the normal  
25 costs (as defined in Section 15-155) resulting from that  
26 service; all or any part of these contributions may be paid on

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1 the employee's behalf or picked up for tax purposes (if  
2 authorized under federal law) by the teacher organization.

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

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

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

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

25 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

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1 Sec. 15-111. Earnings.

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

13 With respect to transition pay paid by the University of  
14 Illinois to a person who was a participating employee employed  
15 in the fire department of the University of Illinois's  
16 Champaign-Urbana campus immediately prior to the elimination  
17 of that fire department:

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

21 (2) "Earnings" includes transition pay paid to the  
22 employee before the effective date of this amendatory Act  
23 of the 91st General Assembly only if (i) employee  
24 contributions under Section 15-157 have been withheld from  
25 that transition pay or (ii) the employee pays to the System  
26 before January 1, 2001 an amount representing employee

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1 contributions under Section 15-157 on that transition pay.

2

3 Employee contributions under item (ii) may be paid in a  
4 lump sum, by withholding from additional transition pay  
5 accruing before January 1, 2001, or in any other manner  
6 approved by the System. Upon payment of the employee  
7 contributions on transition pay, the corresponding  
8 employer contributions become an obligation of the State.

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

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

26 (c) Notwithstanding any other provision of this Code, the  
annual earnings of a Tier 1 member for the purposes of this

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1 Code shall not exceed, for periods of service on or after the  
2 effective date of this amendatory Act of the 98th General  
3 Assembly, the greater of (i) the annual limitation determined  
4 from time to time under subsection (b-5) of Section 1-160 of  
5 this Code, (ii) the annualized rate of earnings of the Tier 1  
6 member as of that effective date, or (iii) the annualized rate  
7 of earnings of the Tier 1 member immediately preceding the  
8 expiration, renewal, or amendment of an employment contract or  
9 collective bargaining agreement in effect on that effective

10 date.

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

12 (40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

13 Sec. 15-112. Final rate of earnings. "Final rate of  
14 earnings":

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

16 For an employee who is paid on an hourly basis or who  
17 receives an annual salary in installments during 12 months of  
18 each academic year, the average annual earnings during the 48  
19 consecutive calendar month period ending with the last day of  
20 final termination of employment or the 4 consecutive academic  
21 years of service in which the employee's earnings were the  
22 highest, whichever is greater. For any other employee, the  
23 average annual earnings during the 4 consecutive academic years  
24 of service in which his or her earnings were the highest. For  
25 an employee with less than 48 months or 4 consecutive academic

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1 years of service, the average earnings during his or her entire  
2 period of service. The earnings of an employee with more than  
3 36 months of service prior to the date of becoming a  
4 participant are, for such period, considered equal to the  
5 average earnings during the last 36 months of such service.

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

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

13 For any other employee, the average annual earnings during  
14 the 8 consecutive academic years within the 10 years prior to  
15 termination in which the employee's earnings were the highest.

16 For an employee with less than 96 consecutive months or 8  
17 consecutive academic years of service, whichever is necessary,

18 the average earnings during his or her entire period of  
19 service.

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

24 (d) For an employee on disability leave, earnings are  
25 assumed to be equal to the basic compensation on the date  
26 disability occurs or the average earnings during the 24 months

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1 immediately preceding the month in which disability occurs,  
2 whichever is greater.

3 (e) For a Tier 1 member who retires on or after the  
4 effective date of this amendatory Act of 1997 with at least 20  
5 years of service as a firefighter or police officer under this  
6 Article, the final rate of earnings shall be the annual rate of  
7 earnings received by the participant on his or her last day as  
8 a firefighter or police officer under this Article, if that is  
9 greater than the final rate of earnings as calculated under the  
10 other provisions of this Section.

11 (f) If a Tier 1 member is an employee for at least 6 months  
12 during the academic year in which his or her employment is  
13 terminated, the annual final rate of earnings shall be 25% of  
14 the sum of (1) the annual basic compensation for that year, and  
15 (2) the amount earned during the 36 months immediately  
16 preceding that year, if this is greater than the final rate of  
17 earnings as calculated under the other provisions of this  
18 Section.

19 (g) In the determination of the final rate of earnings for  
20 an employee, that part of an employee's earnings for any  
21 academic year beginning after June 30, 1997, which exceeds the  
22 employee's earnings with that employer for the preceding year  
23 by more than 20 percent shall be excluded; in the event that an  
24 employee has more than one employer this limitation shall be  
25 calculated separately for the earnings with each employer. In

26 making such calculation, only the basic compensation of

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1 employees shall be considered, without regard to vacation or  
2 overtime or to contracts for summer employment.

3 (h) The following are not considered as earnings in  
4 determining final rate of earnings: (1) severance or separation  
5 pay, (2) retirement pay, (3) payment for unused sick leave, and  
6 (4) payments from an employer for the period used in  
7 determining final rate of earnings for any purpose other than  
8 (i) services rendered, (ii) leave of absence or vacation  
9 granted during that period, and (iii) vacation of up to 56 work  
10 days allowed upon termination of employment; except that, if  
11 the benefit has been collectively bargained between the  
12 employer and the recognized collective bargaining agent  
13 pursuant to the Illinois Educational Labor Relations Act,  
14 payment received during a period of up to 2 academic years for  
15 unused sick leave may be considered as earnings in accordance  
16 with the applicable collective bargaining agreement, subject  
17 to the 20% increase limitation of this Section, and if the  
18 person first becomes a participant on or after the effective  
19 date of this amendatory Act of the 98th General Assembly,  
20 payments for unused sick or vacation time shall not be  
21 considered as earnings. Any unused sick leave considered as  
22 earnings under this Section shall not be taken into account in  
23 calculating service credit under Section 15-113.4.

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

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

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

2 Sec. 15-113.4. Service for unused sick leave. "Service for

3 unused sick leave": A person who first becomes a participant  
4 before the effective date of this amendatory Act of the 98th  
5 General Assembly and who is an employee under this System or  
6 one of the other systems subject to Article 20 of this Code  
7 within 60 days immediately preceding the date on which his or  
8 her retirement annuity begins, is entitled to credit for  
9 service for that portion of unused sick leave earned in the  
10 course of employment with an employer and credited on the date  
11 of termination of employment by an employer for which payment  
12 is not received, in accordance with the following schedule: 30  
13 through 90 full calendar days and 20 through 59 full work days  
14 of unused sick leave, 1/4 of a year of service; 91 through 180  
15 full calendar days and 60 through 119 full work days, 1/2 of a  
16 year of service; 181 through 270 full calendar days and 120  
17 through 179 full work days, 3/4 of a year of service; 271  
18 through 360 full calendar days and 180 through 240 full work  
19 days, one year of service. Only uncompensated, unused sick  
20 leave earned in accordance with an employer's sick leave  
21 accrual policy generally applicable to employees or a class of  
22 employees shall be taken into account in calculating service  
23 credit under this Section. Any uncompensated, unused sick leave  
24 granted by an employer to facilitate the hiring, retirement,  
25 termination, or other special circumstances of an employee

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1 shall not be taken into account in calculating service credit  
2 under this Section. If a participant transfers from one  
3 employer to another, the unused sick leave credited by the  
4 previous employer shall be considered in determining service to  
5 be credited under this Section, even if the participant  
6 terminated service prior to the effective date of P.A. 86-272  
7 (August 23, 1989); if necessary, the retirement annuity shall  
8 be recalculated to reflect such sick leave credit. Each  
9 employer shall certify to the board the number of days of  
10 unused sick leave accrued to the participant's credit on the  
11 date that the participant's status as an employee terminated.



12 This period of unused sick leave shall not be considered in  
 13 determining the date the retirement annuity begins. A person  
 14 who first becomes a participant on or after the effective date  
 15 of this amendatory Act of the 98th General Assembly shall not  
 16 receive service credit for unused sick leave.

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

18 (40 ILCS 5/15-125) (from Ch. 108 1/2, par. 15-125)  
 19 Sec. 15-125. "Prescribed Rate of Interest; Effective Rate  
 20 of Interest".

21 (1) "Prescribed rate of interest": The rate of interest to  
 22 be used in actuarial valuations and in development of actuarial  
 23 tables as determined by the board on the basis of the probable  
 24 average ~~effective~~ rate of interest on a long term basis, based  
 25 on factors including the expected investment experience;

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1 historical and expected fluctuations in the market value of  
 2 investments; the desirability of minimizing volatility in the  
 3 rate of investment earnings from year to year; and the  
 4 provision of reserves for anticipated losses upon sales,  
 5 redemptions, or other disposition of investments and for  
 6 variations in interest experience.

7 (2) "Effective rate of interest": For a fiscal year  
 8 concluding no later than June 30, 2014, the ~~The~~ interest rate  
 9 for all or any part of a fiscal year that is determined by the  
 10 board based on factors including the system's past and expected  
 11 investment experience; historical and expected fluctuations in  
 12 the market value of investments; the desirability of minimizing  
 13 volatility in the effective rate of interest from year to year;  
 14 and the provision of reserves for anticipated losses upon  
 15 sales, redemptions, or other disposition of investments and for  
 16 variations in interest experience; except that for the purpose  
 17 of determining the accumulated normal contributions used in  
 18 calculating retirement annuities under Rule 2 of Section  
 19 15-136, the effective rate of interest shall be determined by

20 the State Comptroller rather than the board. For a fiscal year  
 21 concluding no later than June 30, 2014, the ~~The~~ State  
 22 Comptroller shall determine the effective rate of interest to  
 23 be used for this purpose using the factors listed above, and  
 24 shall certify to the board and the Commission on Government  
 25 Forecasting and Accountability the rate to be used for this  
 26 purpose for fiscal year 2006 as soon as possible after the

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1 effective date of this amendatory Act of the 94th General  
 2 Assembly, and for each fiscal year thereafter no later than the  
 3 January 31 immediately preceding the start of that fiscal year.

4 For a fiscal year that begins on or after July 1, 2014, the  
 5 effective rate of interest for a given fiscal year shall be  
 6 equal to the interest rate of 30-year United States Treasury  
 7 bonds as of the beginning of that given fiscal year, plus 75  
 8 basis points. This effective rate of interest shall not be used  
 9 in determining the prescribed rate of interest as defined in  
 10 paragraph (1) of this Section.

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

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

14 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

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

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

21 35 years if retirement is in 1997 or before;

22 34 years if retirement is in 1998;

23 33 years if retirement is in 1999;

24 32 years if retirement is in 2000;

25 31 years if retirement is in 2001;

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1 30 years if retirement is in 2002 or later.

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

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

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

12 (a-3) Notwithstanding subsection (a) of this Section, for a  
13 Tier 1 member who begins receiving a retirement annuity under  
14 this Section on or after July 1, 2014, the required retirement  
15 age under subsection (a) is increased as follows, based on the  
16 Tier 1 member's age on June 1, 2014:

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

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

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

26 (4) If he or she is at least age 43 but less than age 44

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1 on June 1, 2014, then the required retirement ages under  
2 subsection (a) are increased by 12 months.

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

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

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

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

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

18           (10) If he or she is at least age 37 but less than age  
19           38 on June 1, 2014, then the required retirement ages under  
20           subsection (a) are increased by 36 months.

21           (11) If he or she is at least age 36 but less than age  
22           37 on June 1, 2014, then the required retirement ages under  
23           subsection (a) are increased by 40 months.

24           (12) If he or she is at least age 35 but less than age  
25           36 on June 1, 2014, then the required retirement ages under  
26           subsection (a) are increased by 44 months.

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1           (13) If he or she is at least age 34 but less than age  
2           35 on June 1, 2014, then the required retirement ages under  
3           subsection (a) are increased by 48 months.

4           (14) If he or she is at least age 33 but less than age  
5           34 on June 1, 2014, then the required retirement ages under  
6           subsection (a) are increased by 52 months.

7           (15) If he or she is at least age 32 but less than age  
8           33 on June 1, 2014, then the required retirement ages under  
9           subsection (a) are increased by 56 months.

10           (16) If he or she is less than age 32 on June 1, 2014,  
11           then the required retirement ages under subsection (a) are  
12           increased by 60 months.  
13

Notwithstanding Section 1-103.1, this subsection (a-3) applies without regard to whether or not the Tier 1 member is in active service under this Article on or after the effective date of this amendatory Act of the 98th General Assembly.

(a-5) A Tier 2 member is entitled to a retirement annuity upon written application if he or she has attained age 67 and has at least 10 years of service credit and is otherwise eligible under the requirements of this Article. A Tier 2 member who has attained age 62 and has at least 10 years of service credit and is otherwise eligible under the requirements of this Article may elect to receive the lower retirement annuity provided in subsection (b-5) of Section 15-136 of this Article.

(b) The annuity payment period shall begin on the date

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

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

(Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12; 98-92, eff. 7-16-13.)

(40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136) Sec. 15-136. Retirement annuities - Amount. The provisions of this Section 15-136 apply only to those participants who are participating in the traditional benefit package or the portable benefit package and do not apply to participants who

20 are participating in the self-managed plan.

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

25 Rule 1: The retirement annuity shall be 1.67% of final rate

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1 of earnings for each of the first 10 years of service, 1.90%  
2 for each of the next 10 years of service, 2.10% for each year  
3 of service in excess of 20 but not exceeding 30, and 2.30% for  
4 each year in excess of 30; or for persons who retire on or  
5 after January 1, 1998, 2.2% of the final rate of earnings for  
6 each year of service.

7 Rule 2: The retirement annuity shall be the sum of the  
8 following, determined from amounts credited to the participant  
9 in accordance with the actuarial tables and the effective rate  
10 of interest in effect at the time the retirement annuity  
11 begins:

12 (i) the normal annuity which can be provided on an  
13 actuarially equivalent basis (using the effective rate of  
14 interest in effect at the time of retirement for  
15 retirements occurring on or after July 1, 2014), by the  
16 accumulated normal contributions as of the date the annuity  
17 begins;

18 (ii) an annuity from employer contributions of an  
19 amount equal to that which can be provided on an  
20 actuarially equivalent basis (using the effective rate of  
21 interest in effect at the time of retirement for  
22 retirements occurring on or after July 1, 2014) from the  
23 accumulated normal contributions made by the participant  
24 under Section 15-113.6 and Section 15-113.7 plus 1.4 times  
25 all other accumulated normal contributions made by the  
26 participant; and

1 (iii) the annuity that can be provided on an  
2 actuarially equivalent basis (using the effective rate of  
3 interest in effect at the time of retirement for  
4 retirements occurring on or after July 1, 2014) from the  
5 entire contribution made by the participant under Section  
6 15-113.3.

7 Notwithstanding any other provision of this Rule 2, a  
8 participant's retirement annuity calculated under this Rule 2  
9 shall not be less than the retirement annuity that participant  
10 would have received under this Rule 2 had he or she retired  
11 during the fiscal year preceding the effective date of this  
12 amendatory Act of the 98th General Assembly.

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

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

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

5 This Rule 2 does not apply to a person who first becomes an  
6

employee under this Article on or after July 1, 2005.

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

25 Rule 4: A participant who is at least age 50 and has 25 or  
26 more years of service as a police officer or firefighter, and a

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1 participant who is age 55 or over and has at least 20 but less  
2 than 25 years of service as a police officer or firefighter,  
3 shall be entitled to a retirement annuity of 2 1/4% of the  
4 final rate of earnings for each of the first 10 years of  
5 service as a police officer or firefighter, 2 1/2% for each of  
6 the next 10 years of service as a police officer or  
7 firefighter, and 2 3/4% for each year of service as a police  
8 officer or firefighter in excess of 20. The retirement annuity  
9 for all other service shall be computed under Rule 1. A Tier 2  
10 member is eligible for a retirement annuity calculated under  
11 Rule 4 only if that Tier 2 member meets the service  
12 requirements for that benefit calculation as prescribed under  
13 this Rule 4 in addition to the applicable age requirement under



14 subsection (a-5) of Section 15-135.

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

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

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

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1 officer or firefighter, from the date of that transfer  
2 until the employee's next termination of service with the  
3 University of Illinois.

4 (b) For a Tier 1 member, the retirement annuity provided  
5 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each  
6 month the participant is under age 60 at the time of  
7 retirement. However, this reduction shall not apply in the  
8 following cases:

9 (1) For a disabled participant whose disability  
10 benefits have been discontinued because he or she has  
11 exhausted eligibility for disability benefits under clause  
12 (6) of Section 15-152;

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

16 (3) For that portion of a retirement annuity which has  
17 been provided on account of service of the participant  
18 during periods when he or she performed the duties of a  
19 police officer or firefighter, if these duties were  
20 performed for at least 5 years immediately preceding the  
21 date the retirement annuity is to begin.

22 (b-5) The retirement annuity of a Tier 2 member who is  
23 retiring after attaining age 62 with at least 10 years of  
24 service credit shall be reduced by 1/2 of 1% for each full  
25 month that the member's age is under age 67.

26 (c) The maximum retirement annuity provided under Rules 1,

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1 2, 4, and 5 shall be the lesser of (1) the annual limit of  
2 benefits as specified in Section 415 of the Internal Revenue  
3 Code of 1986, as such Section may be amended from time to time  
4 and as such benefit limits shall be adjusted by the  
5 Commissioner of Internal Revenue, and (2) 80% of final rate of  
6 earnings.

7 (d) This subsection (d) is subject to subsections (d-1) and  
8 (d-2). A Tier 1 member whose status as an employee terminates  
9 after August 14, 1969 shall receive automatic increases in his  
10 or her retirement annuity as follows:

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

25 The annuitant shall receive an increase in his or her  
26 monthly retirement annuity on each January 1 thereafter during

1 the annuitant's life of 3% of the monthly annuity provided  
2 under Rule 1, Rule 2, Rule 3, or Rule 4 contained in this  
3 Section. The change made under this subsection by P.A. 81-970  
4 is effective January 1, 1980 and applies to each annuitant  
5 whose status as an employee terminates before or after that  
6 date.

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

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

14 (d-1) Notwithstanding subsection (d), but subject to the  
15 provisions of subsection (d-2), all automatic increases  
16 payable under subsection (d) on or after the effective date of  
17 this amendatory Act of the 98th General Assembly shall be  
18 calculated as 3% of the lesser of (1) the total annuity payable  
19 at the time of the increase, including previous increases  
20 granted, or (2) \$1,000 multiplied by the number of years of  
21 creditable service upon which the annuity is based; however, in  
22 the case of an initial increase subject to this subsection, the  
23 amount of that increase shall be prorated if less than one year  
24 has elapsed since retirement.

25 Beginning January 1, 2016, the \$1,000 referred to in item  
26 (2) of this subsection (d-1) shall be increased on each January

1 1 by the annual unadjusted percentage increase (but not less  
2 than zero) in the consumer price index-u for the 12 months  
3 ending with the preceding September; these adjustments shall be  
4 cumulative and compounded. For the purposes of this subsection  
5 (d-1), "consumer price index-u" means the index published by  
6 the Bureau of Labor Statistics of the United States Department

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

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

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

19 (1) the automatic annual increase payable under  
20 subsection (d) the second January following the date the  
21 retirement annuity begins shall be equal to 0% of the total  
22 annuity payable at the time of the increase, if he or she  
23 is at least age 50 on the effective date of this amendatory  
24 Act;

25 (2) the automatic annual increase payable under  
26 subsection (d) the second, fourth, and sixth January

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1 following the date the retirement annuity begins shall be  
2 equal to 0% of the total annuity payable at the time of the  
3 increase, if he or she is at least age 47 but less than age  
4 50 on the effective date of this amendatory Act;

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

12 (4) the automatic annual increase payable under  
13 subsection (d) the second, fourth, sixth, eighth, and tenth  
14 January following the date the retirement annuity begins

15 shall be equal to 0% of the total annuity payable at the  
16 time of the increase, if he or she is less than age 44 on  
17 the effective date of this amendatory Act.

18 (d-5) A retirement annuity of a Tier 2 member shall receive  
19 annual increases on the January 1 occurring either on or after  
20 the attainment of age 67 or the first anniversary of the  
21 annuity start date, whichever is later. Each annual increase  
22 shall be calculated at 3% or one half the annual unadjusted  
23 percentage increase (but not less than zero) in the consumer  
24 price index-u for the 12 months ending with the September  
25 preceding each November 1, whichever is less, of the originally  
26 granted retirement annuity. If the annual unadjusted

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1 percentage change in the consumer price index-u for the 12  
2 months ending with the September preceding each November 1 is  
3 zero or there is a decrease, then the annuity shall not be  
4 increased.

5 (e) If, on January 1, 1987, or the date the retirement  
6 annuity payment period begins, whichever is later, the sum of  
7 the retirement annuity provided under Rule 1 or Rule 2 of this  
8 Section and the automatic annual increases provided under the  
9 preceding subsection or Section 15-136.1, amounts to less than  
10 the retirement annuity which would be provided by Rule 3, the  
11 retirement annuity shall be increased as of January 1, 1987, or  
12 the date the retirement annuity payment period begins,  
13 whichever is later, to the amount which would be provided by  
14 Rule 3 of this Section. Such increased amount shall be  
15 considered as the retirement annuity in determining benefits  
16 provided under other Sections of this Article. This paragraph  
17 applies without regard to whether status as an employee  
18 terminated before the effective date of this amendatory Act of  
19 1987, provided that the annuitant was employed at least  
20 one-half time during the period on which the final rate of  
21 earnings was based.  
22

(f) A participant is entitled to such additional annuity as  
23 may be provided on an actuarially equivalent basis, by any  
24 accumulated additional contributions to his or her credit.  
25 However, the additional contributions made by the participant  
26 toward the automatic increases in annuity provided under this

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1 Section shall not be taken into account in determining the  
2 amount of such additional annuity.

3 (g) If, (1) by law, a function of a governmental unit, as  
4 defined by Section 20-107 of this Code, is transferred in whole  
5 or in part to an employer, and (2) a participant transfers  
6 employment from such governmental unit to such employer within  
7 6 months after the transfer of the function, and (3) the sum of  
8 (A) the annuity payable to the participant under Rule 1, 2, or  
9 3 of this Section (B) all proportional annuities payable to the  
10 participant by all other retirement systems covered by Article  
11 20, and (C) the initial primary insurance amount to which the  
12 participant is entitled under the Social Security Act, is less  
13 than the retirement annuity which would have been payable if  
14 all of the participant's pension credits validated under  
15 Section 20-109 had been validated under this system, a  
16 supplemental annuity equal to the difference in such amounts  
17 shall be payable to the participant.

18 (h) On January 1, 1981, an annuitant who was receiving a  
19 retirement annuity on or before January 1, 1971 shall have his  
20 or her retirement annuity then being paid increased \$1 per  
21 month for each year of creditable service. On January 1, 1982,  
22 an annuitant whose retirement annuity began on or before  
23 January 1, 1977, shall have his or her retirement annuity then  
24 being paid increased \$1 per month for each year of creditable  
25 service.

26 (i) On January 1, 1987, any annuitant whose retirement

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1 annuity began on or before January 1, 1977, shall have the  
 2 monthly retirement annuity increased by an amount equal to 8¢  
 3 per year of creditable service times the number of years that  
 4 have elapsed since the annuity began.

5 (j) For participants to whom subsection (a-3) of Section  
 6 15-135 applies, the references to age 50, 55, and 62 in this  
 7 Section are increased as provided in subsection (a-3) of  
 8 Section 15-135.

9 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;  
 10 98-92, eff. 7-16-13.)

11 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)  
 12 Sec. 15-155. Employer contributions.

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

21 The Board shall determine the amount of State contributions  
 22 required for each fiscal year on the basis of the actuarial  
 23 tables and other assumptions adopted by the Board and the  
 24 recommendations of the actuary, using the formula in subsection  
 25 (a-1).

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1 (a-1) For State fiscal years 2015 through 2044, the minimum  
 2 contribution to the System to be made by the State for each  
 3 fiscal year shall be an amount determined by the System to be  
 4 equal to the sum of (1) the State's portion of the projected  
 5 normal cost for that fiscal year, plus (2) an amount sufficient  
 6 to bring the total assets of the System up to 100% of the total  
 7 actuarial liabilities of the System by the end of the State

8 fiscal year 2044. In making these determinations, the required  
9 State contribution shall be calculated each year as a level  
10 percentage of payroll over the years remaining to and including  
11 fiscal year 2044 and shall be determined under the projected  
12 unit cost method for fiscal year 2015 and under the entry age  
13 normal actuarial cost method for fiscal years 2016 through  
14 2044.

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

25 For State fiscal years 1996 through 2005, the State  
26 contribution to the System, as a percentage of the applicable

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1 employee payroll, shall be increased in equal annual increments  
2 so that by State fiscal year 2011, the State is contributing at  
3 the rate required under this Section.

4 Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2006 is  
6 \$166,641,900.

7 Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2007 is  
9 \$252,064,100.

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



16 Notwithstanding any other provision of this Article, the  
 17 total required State contribution for State fiscal year 2010 is  
 18 \$702,514,000 and shall be made from the State Pensions Fund and  
 19 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
 20 7.2 of the General Obligation Bond Act, less (i) the pro rata  
 21 share of bond sale expenses determined by the System's share of  
 22 total bond proceeds, (ii) any amounts received from the General  
 23 Revenue Fund in fiscal year 2010, (iii) any reduction in bond  
 24 proceeds due to the issuance of discounted bonds, if  
 25 applicable.

26 Notwithstanding any other provision of this Article, the

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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 Section 15-165 and shall be made from the State  
 4 Pensions Fund and proceeds of bonds sold in fiscal year 2011  
 5 pursuant to Section 7.2 of the General Obligation Bond Act,  
 6 less (i) the pro rata share of bond sale expenses determined by  
 7 the System's share of total bond proceeds, (ii) any amounts  
 8 received from the General Revenue Fund in fiscal year 2011, and  
 9 (iii) any reduction in bond proceeds due to the issuance of  
 10 discounted bonds, if applicable.

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

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

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

24 Such amounts shall not reduce, and shall not be included in the  
25 calculation of, the required State contributions under this  
26 Article in any future year until the System has reached a

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1 funding ratio of at least 100% ~~90%~~. A reference in this Article  
2 to the "required State contribution" or any substantially  
3 similar term does not include or apply to any amounts payable  
4 to the System under Section 25 of the Budget Stabilization Act.

5 Notwithstanding any other provision of this Section, the  
6 required State contribution for State fiscal year 2005 and for  
7 fiscal year 2008 and each fiscal year thereafter through State  
8 fiscal year 2014, as calculated under this Section and  
9 certified under Section 15-165, shall not exceed an amount  
10 equal to (i) the amount of the required State contribution that  
11 would have been calculated under this Section for that fiscal  
12 year if the System had not received any payments under  
13 subsection (d) of Section 7.2 of the General Obligation Bond  
14 Act, minus (ii) the portion of the State's total debt service  
15 payments for that fiscal year on the bonds issued in fiscal  
16 year 2003 for the purposes of that Section 7.2, as determined  
17 and certified by the Comptroller, that is the same as the  
18 System's portion of the total moneys distributed under  
19 subsection (d) of Section 7.2 of the General Obligation Bond  
20 Act. In determining this maximum for State fiscal years 2008  
21 through 2010, however, the amount referred to in item (i) shall  
22 be increased, as a percentage of the applicable employee  
23 payroll, in equal increments calculated from the sum of the  
24 required State contribution for State fiscal year 2007 plus the  
25 applicable portion of the State's total debt service payments  
26 for fiscal year 2007 on the bonds issued in fiscal year 2003

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1 for the purposes of Section 7.2 of the General Obligation Bond  
2 Act, so that, by State fiscal year 2011, the State is  
3 contributing at the rate otherwise required under this Section.

4 (b) If an employee is paid from trust or federal funds, the  
5 employer shall pay to the Board contributions from those funds  
6 which are sufficient to cover the accruing normal costs on  
7 behalf of the employee. However, universities having employees  
8 who are compensated out of local auxiliary funds, income funds,  
9 or service enterprise funds are not required to pay such  
10 contributions on behalf of those employees. The local auxiliary  
11 funds, income funds, and service enterprise funds of  
12 universities shall not be considered trust funds for the  
13 purpose of this Article, but funds of alumni associations,  
14 foundations, and athletic associations which are affiliated  
15 with the universities included as employers under this Article  
16 and other employers which do not receive State appropriations  
17 are considered to be trust funds for the purpose of this  
18 Article.

19 (b-1) The City of Urbana and the City of Champaign shall  
20 each make employer contributions to this System for their  
21 respective firefighter employees who participate in this  
22 System pursuant to subsection (h) of Section 15-107. The rate  
23 of contributions to be made by those municipalities shall be  
24 determined annually by the Board on the basis of the actuarial  
25 assumptions adopted by the Board and the recommendations of the  
26 actuary, and shall be expressed as a percentage of salary for

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1 each such employee. The Board shall certify the rate to the  
2 affected municipalities as soon as may be practical. The  
3 employer contributions required under this subsection shall be  
4 remitted by the municipality to the System at the same time and  
5 in the same manner as employee contributions.

6 (c) Through State fiscal year 1995: The total employer  
7 contribution shall be apportioned among the various funds of  
8 the State and other employers, whether trust, federal, or other

9 funds, in accordance with actuarial procedures approved by the  
10 Board. State of Illinois contributions for employers receiving  
11 State appropriations for personal services shall be payable  
12 from appropriations made to the employers or to the System. The  
13 contributions for Class I community colleges covering earnings  
14 other than those paid from trust and federal funds, shall be  
15 payable solely from appropriations to the Illinois Community  
16 College Board or the System for employer contributions.

17 (d) Beginning in State fiscal year 1996, the required State  
18 contributions to the System shall be appropriated directly to  
19 the System and shall be payable through vouchers issued in  
20 accordance with subsection (c) of Section 15-165, except as  
21 provided in subsection (g).

22 (e) The State Comptroller shall draw warrants payable to  
23 the System upon proper certification by the System or by the  
24 employer in accordance with the appropriation laws and this  
25 Code.

26 (f) Normal costs under this Section means liability for

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1 pensions and other benefits which accrues to the System because  
2 of the credits earned for service rendered by the participants  
3 during the fiscal year and expenses of administering the  
4 System, but shall not include the principal of or any  
5 redemption premium or interest on any bonds issued by the Board  
6 or any expenses incurred or deposits required in connection  
7 therewith.

8 (g) If the amount of a participant's earnings for any  
9 academic year used to determine the final rate of earnings,  
10 determined on a full-time equivalent basis, exceeds the amount  
11 of his or her earnings with the same employer for the previous  
12 academic year, determined on a full-time equivalent basis, by  
13 more than 6%, the participant's employer shall pay to the  
14 System, in addition to all other payments required under this  
15 Section and in accordance with guidelines established by the  
16 System, the present value of the increase in benefits resulting

17 from the portion of the increase in earnings that is in excess  
18 of 6%. This present value shall be computed by the System on  
19 the basis of the actuarial assumptions and tables used in the  
20 most recent actuarial valuation of the System that is available  
21 at the time of the computation. The System may require the  
22 employer to provide any pertinent information or  
23 documentation.

24 Whenever it determines that a payment is or may be required  
25 under this subsection (g), the System shall calculate the  
26 amount of the payment and bill the employer for that amount.

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1 The bill shall specify the calculations used to determine the  
2 amount due. If the employer disputes the amount of the bill, it  
3 may, within 30 days after receipt of the bill, apply to the  
4 System in writing for a recalculation. The application must  
5 specify in detail the grounds of the dispute and, if the  
6 employer asserts that the calculation is subject to subsection  
7 (h) or (i) of this Section, must include an affidavit setting  
8 forth and attesting to all facts within the employer's  
9 knowledge that are pertinent to the applicability of subsection  
10 (h) or (i). Upon receiving a timely application for  
11 recalculation, the System shall review the application and, if  
12 appropriate, recalculate the amount due.

13 The employer contributions required under this subsection  
14 (g) may be paid in the form of a lump sum within 90 days after  
15 receipt of the bill. If the employer contributions are not paid  
16 within 90 days after receipt of the bill, then interest will be  
17 charged at a rate equal to the System's annual actuarially  
18 assumed rate of return on investment compounded annually from  
19 the 91st day after receipt of the bill. Payments must be  
20 concluded within 3 years after the employer's receipt of the  
21 bill.

22 (h) This subsection (h) applies only to payments made or  
23 salary increases given on or after June 1, 2005 but before July  
24 1, 2011. The changes made by Public Act 94-1057 shall not

25 require the System to refund any payments received before July  
26 31, 2006 (the effective date of Public Act 94-1057).

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1 When assessing payment for any amount due under subsection  
2 (g), the System shall exclude earnings increases paid to  
3 participants under contracts or collective bargaining  
4 agreements entered into, amended, or renewed before June 1,  
5 2005.

6 When assessing payment for any amount due under subsection  
7 (g), the System shall exclude earnings increases paid to a  
8 participant at a time when the participant is 10 or more years  
9 from retirement eligibility under Section 15-135.

10 When assessing payment for any amount due under subsection  
11 (g), the System shall exclude earnings increases resulting from  
12 overload work, including a contract for summer teaching, or  
13 overtime when the employer has certified to the System, and the  
14 System has approved the certification, that: (i) in the case of  
15 overloads (A) the overload work is for the sole purpose of  
16 academic instruction in excess of the standard number of  
17 instruction hours for a full-time employee occurring during the  
18 academic year that the overload is paid and (B) the earnings  
19 increases are equal to or less than the rate of pay for  
20 academic instruction computed using the participant's current  
21 salary rate and work schedule; and (ii) in the case of  
22 overtime, the overtime was necessary for the educational  
23 mission.

24 When assessing payment for any amount due under subsection  
25 (g), the System shall exclude any earnings increase resulting  
26 from (i) a promotion for which the employee moves from one

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1 classification to a higher classification under the State

2 Universities Civil Service System, (ii) a promotion in academic  
3 rank for a tenured or tenure-track faculty position, or (iii) a  
4 promotion that the Illinois Community College Board has  
5 recommended in accordance with subsection (k) of this Section.  
6 These earnings increases shall be excluded only if the  
7 promotion is to a position that has existed and been filled by  
8 a member for no less than one complete academic year and the  
9 earnings increase as a result of the promotion is an increase  
10 that results in an amount no greater than the average salary  
11 paid for other similar positions.

12 (i) When assessing payment for any amount due under  
13 subsection (g), the System shall exclude any salary increase  
14 described in subsection (h) of this Section given on or after  
15 July 1, 2011 but before July 1, 2014 under a contract or  
16 collective bargaining agreement entered into, amended, or  
17 renewed on or after June 1, 2005 but before July 1, 2011.  
18 Notwithstanding any other provision of this Section, any  
19 payments made or salary increases given after June 30, 2014  
20 shall be used in assessing payment for any amount due under  
21 subsection (g) of this Section.

22 (j) The System shall prepare a report and file copies of  
23 the report with the Governor and the General Assembly by  
24 January 1, 2007 that contains all of the following information:

25 (1) The number of recalculations required by the  
26 changes made to this Section by Public Act 94-1057 for each

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1 employer.

2 (2) The dollar amount by which each employer's  
3 contribution to the System was changed due to  
4 recalculations required by Public Act 94-1057.

5 (3) The total amount the System received from each  
6 employer as a result of the changes made to this Section by  
7 Public Act 94-4.

8 (4) The increase in the required State contribution  
9 resulting from the changes made to this Section by Public

10 Act 94-1057.

11 (k) The Illinois Community College Board shall adopt rules  
12 for recommending lists of promotional positions submitted to  
13 the Board by community colleges and for reviewing the  
14 promotional lists on an annual basis. When recommending  
15 promotional lists, the Board shall consider the similarity of  
16 the positions submitted to those positions recognized for State  
17 universities by the State Universities Civil Service System.  
18 The Illinois Community College Board shall file a copy of its  
19 findings with the System. The System shall consider the  
20 findings of the Illinois Community College Board when making  
21 determinations under this Section. The System shall not exclude  
22 any earnings increases resulting from a promotion when the  
23 promotion was not submitted by a community college. Nothing in  
24 this subsection (k) shall require any community college to  
25 submit any information to the Community College Board.

26 (l) For purposes of determining the required State

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1 contribution to the System, the value of the System's assets  
2 shall be equal to the actuarial value of the System's assets,  
3 which shall be calculated as follows:

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

11 (m) For purposes of determining the required State  
12 contribution to the system for a particular year, the actuarial  
13 value of assets shall be assumed to earn a rate of return equal  
14 to the system's actuarially assumed rate of return.

15 (Source: P.A. 97-813, eff. 7-13-12; 98-92, eff. 7-16-13;  
16 98-463, eff. 8-16-13.)



17 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)  
18 Sec. 15-156. Obligations of State; funding guarantees.  
19 (a) The payment of (1) the required State contributions,  
20 (2) all benefits granted under this system and (3) all expenses  
21 in connection with the administration and operation thereof are  
22 obligations of the State of Illinois to the extent specified in  
23 this Article. The accumulated employee normal, additional and  
24 survivors insurance contributions credited to the accounts of  
25 active and inactive participants shall not be used to pay the

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1 State's share of the obligations.

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

13 If the System submits a voucher for contributions required  
14 under Section 15-155 and the State fails to pay that voucher  
15 within 90 days of its receipt, the Board shall submit a written  
16 request to the Comptroller seeking payment. A copy of the  
17 request shall be filed with the Secretary of State, and the  
18 Secretary of State shall provide a copy to the Governor and  
19 General Assembly. No earlier than the 16th day after the System  
20 files the request with the Comptroller and Secretary of State,  
21 if the amount remains unpaid the Board shall commence a  
22 mandamus action in the Supreme Court of Illinois to compel the  
23 Comptroller to satisfy the voucher.

24 This subsection (b) constitutes an express waiver of the  
25 State's sovereign immunity solely to the extent that it permits

26 the Board to commence a mandamus action in the Supreme Court of

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1 Illinois to compel the Comptroller to pay a voucher for the  
2 contributions required under Section 15-155.

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

19 If the State fails to make a transfer required under  
20 subsection (c-5) or (c-10) of Section 20 of the Budget  
21 Stabilization Act or a payment to the System required under  
22 Section 25 of that Act, the Board shall submit a written  
23 request to the Comptroller seeking payment. A copy of the  
24 request shall be filed with the Secretary of State, and the  
25 Secretary of State shall provide a copy to the Governor and  
26 General Assembly. No earlier than the 16th day after the System

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1 files the request with the Comptroller and Secretary of State,  
2 if the required amount remains untransferred or the required  
3

4 payment remains unpaid, the Board shall commence a mandamus  
5 action in the Supreme Court of Illinois to compel the  
6 Comptroller to make the required transfer or payment or both,  
7 as the case may be.

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 make a transfer required  
12 under subsection (c-5) or (c-10) of Section 20 of the Budget  
13 Stabilization Act and to pay to the System its proportionate  
14 share of the transferred amount in accordance with Section 25  
15 of the Budget Stabilization Act.

16 The obligations created by this subsection (c) expire when  
17 all of the requirements of subsections (c-5) and (c-10) of  
18 Section 20 of the Budget Stabilization Act and Section 25 of  
19 the Budget Stabilization Act have been met.

20 (d) Any payments and transfers required to be made by the  
21 State pursuant to subsection (b) or (c) are expressly  
22 subordinate to the payment of the principal, interest, and  
23 premium, if any, on any bonded debt obligation of the State or  
24 any other State-created entity, either currently outstanding  
25 or to be issued, for which the source of repayment or security  
26 thereon is derived directly or indirectly from tax revenues  
collected by the State or any other State-created entity.

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1 Payments on such bonded obligations include any statutory fund  
2 transfers or other prefunding mechanisms or formulas set forth,  
3 now or hereafter, in State law or bond indentures, into debt  
4 service funds or accounts of the State related to such bond  
5 obligations, consistent with the payment schedules associated  
6 with such obligations.

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

8 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

9 Sec. 15-157. Employee Contributions.

10 (a) ~~Except as provided in subsection (a-5), each~~ Each  
11 participating employee shall make contributions towards the  
12 retirement benefits payable under the retirement program  
13 applicable to the employee from each payment of earnings  
14 applicable to employment under this system on and after the  
15 date of becoming a participant as follows: Prior to September  
16 1, 1949, 3 1/2% of earnings; from September 1, 1949 to August  
17 31, 1955, 5%; from September 1, 1955 to August 31, 1969, 6%;  
18 from September 1, 1969, 6 1/2%. These contributions are to be  
19 considered as normal contributions for purposes of this  
20 Article.

21 ~~Except as provided in subsection (a-5), each~~ Each  
22 participant who is a police officer or firefighter shall make  
23 normal contributions of 8% of each payment of earnings  
24 applicable to employment as a police officer or firefighter  
25 under this system on or after September 1, 1981, unless he or

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1 she files with the board within 60 days after the effective  
2 date of this amendatory Act of 1991 or 60 days after the board  
3 receives notice that he or she is employed as a police officer  
4 or firefighter, whichever is later, a written notice waiving  
5 the retirement formula provided by Rule 4 of Section 15-136.  
6 This waiver shall be irrevocable. If a participant had met the  
7 conditions set forth in Section 15-132.1 prior to the effective  
8 date of this amendatory Act of 1991 but failed to make the  
9 additional normal contributions required by this paragraph, he  
10 or she may elect to pay the additional contributions plus  
11 compound interest at the effective rate. If such payment is  
12 received by the board, the service shall be considered as  
13 police officer service in calculating the retirement annuity  
14 under Rule 4 of Section 15-136. While performing service  
15 described in clause (i) or (ii) of Rule 4 of Section 15-136, a  
16 participating employee shall be deemed to be employed as a  
17 firefighter for the purpose of determining the rate of employee  
18 contributions under this Section.

19 (a-5) Beginning July 1, 2014, in lieu of the contribution  
20 otherwise required under subsection (a), each Tier 1 member,  
21 other than a Tier 1 member who is a police officer or  
22 firefighter, shall contribute 6% of earnings toward the  
23 retirement benefits payable under the retirement programs  
24 applicable to the employee from each payment of earnings  
25 applicable to employment under this system.

26 Beginning July 1, 2014, in lieu of the contribution

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1 otherwise required under subsection (a), each Tier 1 member who  
2 is a police officer or firefighter shall contribute 7.5% of  
3 each payment of earnings applicable to employment as a police  
4 officer or firefighter under this system, unless he or she has  
5 filed a waiver with the board pursuant to subsection (a).

6 The contributions required under this subsection (a-5) are  
7 to be considered normal contributions for the purposes of this  
8 Article.

9 (b) Starting September 1, 1969 and, in the case of Tier 1  
10 members, ending on June 30, 2014, each participating employee  
11 shall make additional contributions of 1/2 of 1% of earnings to  
12 finance a portion of the cost of the annual increases in  
13 retirement annuity provided under Section 15-136, except that  
14 with respect to participants in the self-managed plan this  
15 additional contribution shall be used to finance the benefits  
16 obtained under that retirement program.

17 (c) In addition to the amounts described in subsections (a)  
18 and (b) of this Section, each participating employee shall make  
19 contributions of 1% of earnings applicable under this system on  
20 and after August 1, 1959. The contributions made under this  
21 subsection (c) shall be considered as survivor's insurance  
22 contributions for purposes of this Article if the employee is  
23 covered under the traditional benefit package, and such  
24 contributions shall be considered as additional contributions  
25 for purposes of this Article if the employee is participating  
26 in the self-managed plan or has elected to participate in the

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1 portable benefit package and has completed the applicable  
2 one-year waiting period. Contributions in excess of \$80 during  
3 any fiscal year beginning before August 31, 1969 and in excess  
4 of \$120 during any fiscal year thereafter until September 1,  
5 1971 shall be considered as additional contributions for  
6 purposes of this Article.

7 (d) If the board by board rule so permits and subject to  
8 such conditions and limitations as may be specified in its  
9 rules, a participant may make other additional contributions of  
10 such percentage of earnings or amounts as the participant shall  
11 elect in a written notice thereof received by the board.

12 (e) That fraction of a participant's total accumulated  
13 normal contributions, the numerator of which is equal to the  
14 number of years of service in excess of that which is required  
15 to qualify for the maximum retirement annuity, and the  
16 denominator of which is equal to the total service of the  
17 participant, shall be considered as accumulated additional  
18 contributions. The determination of the applicable maximum  
19 annuity and the adjustment in contributions required by this  
20 provision shall be made as of the date of the participant's  
21 retirement.

22 (f) Notwithstanding the foregoing, a participating  
23 employee shall not be required to make contributions under this  
24 Section after the date upon which continuance of such  
25 contributions would otherwise cause his or her retirement  
26 annuity to exceed the maximum retirement annuity as specified

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1 in clause (1) of subsection (c) of Section 15-136.

2 (g) A participating employee may make contributions for the  
3 purchase of service credit under this Article.

4 (h) A Tier 2 member shall not make contributions on  
 5 earnings that exceed the limitation as prescribed under  
 6 subsection (b) of Section 15-111 of this Article.  
 7 (Source: P.A. 98-92, eff. 7-16-13.)

8 (40 ILCS 5/15-157.5 new)

9 Sec. 15-157.5. Use of contributions for health care  
 10 subsidies. The System shall not use any contribution received  
 11 by the System under this Article to provide a subsidy for the  
 12 cost of participation in a retiree health care program.

13 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

14 Sec. 15-165. To certify amounts and submit vouchers.

15 (a) The Board shall certify to the Governor on or before  
 16 November 15 of each year until November 15, 2011 the  
 17 appropriation required from State funds for the purposes of  
 18 this System for the following fiscal year. The certification  
 19 under this subsection (a) shall include a copy of the actuarial  
 20 recommendations upon which it is based and shall specifically  
 21 identify the System's projected State normal cost for that  
 22 fiscal year and the projected State cost for the self-managed  
 23 plan for that fiscal year.

24 On or before May 1, 2004, the Board shall recalculate and

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

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

11 On or before April 1, 2011, the Board shall recalculate and  
 12

13 recertify to the Governor the amount of the required State  
14 contribution to the System for State fiscal year 2011, applying  
15 the changes made by Public Act 96-889 to the System's assets  
16 and liabilities as of June 30, 2009 as though Public Act 96-889  
was approved on that date.

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

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1 assumptions that the Board must consider before finalizing its  
2 certification of the required State contributions. On or before  
3 January 15, 2013 and each January 15 thereafter, the Board  
4 shall certify to the Governor and the General Assembly the  
5 amount of the required State contribution for the next fiscal  
6 year. The Board's certification must note, in a written  
7 response to the State Actuary, any deviations from the State  
8 Actuary's recommended changes, the reason or reasons for not  
9 following the State Actuary's recommended changes, and the  
10 fiscal impact of not following the State Actuary's recommended  
11 changes on the required State contribution.

12 (a-10) For purposes of Section (c-5) of Section 20 of the  
13 Budget Stabilization Act, on or before November 1 of each year  
14 beginning November 1, 2014, the Board shall determine the  
15 amount of the State contribution to the System that would have  
16 been required for the next fiscal year if this amendatory Act  
17 of the 98th General Assembly had not taken effect, using the  
18 best and most recent available data but based on the law in  
19 effect on May 31, 2014. The Board shall submit to the State



20 Actuary, the Governor, and the General Assembly a proposed  
21 certification, along with the relevant law, actuarial  
22 assumptions, calculations, and data upon which that  
23 certification is based. On or before January 1, 2015 and every  
24 January 1 thereafter, the State Actuary shall issue a  
25 preliminary report concerning the proposed certification and  
26 identifying, if necessary, recommended changes in actuarial

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1 assumptions that the Board must consider before finalizing its  
2 certification. On or before January 15, 2015 and every January  
3 1 thereafter, the Board shall certify to the Governor and the  
4 General Assembly the amount of the State contribution to the  
5 System that would have been required for the next fiscal year  
6 if this amendatory Act of the 98th General Assembly had not  
7 taken effect, using the best and most recent available data but  
8 based on the law in effect on May 31, 2014. The Board's  
9 certification must note any deviations from the State Actuary's  
10 recommended changes, the reason or reasons for not following  
11 the State Actuary's recommended changes, and the impact of not  
12 following the State Actuary's recommended changes.

13 (b) The Board shall certify to the State Comptroller or  
14 employer, as the case may be, from time to time, by its  
15 chairperson and secretary, with its seal attached, the amounts  
16 payable to the System from the various funds.

17 (c) Beginning in State fiscal year 1996, on or as soon as  
18 possible after the 15th day of each month the Board shall  
19 submit vouchers for payment of State contributions to the  
20 System, in a total monthly amount of one-twelfth of the  
21 required annual State contribution certified under subsection  
22 (a). From the effective date of this amendatory Act of the 93rd  
23 General Assembly through June 30, 2004, the Board shall not  
24 submit vouchers for the remainder of fiscal year 2004 in excess  
25 of the fiscal year 2004 certified contribution amount  
26 determined under this Section after taking into consideration

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1 the transfer to the System under subsection (b) of Section  
2 6z-61 of the State Finance Act. These vouchers shall be paid by  
3 the State Comptroller and Treasurer by warrants drawn on the  
4 funds appropriated to the System for that fiscal year.

5 If in any month the amount remaining unexpended from all  
6 other appropriations to the System for the applicable fiscal  
7 year (including the appropriations to the System under Section  
8 8.12 of the State Finance Act and Section 1 of the State  
9 Pension Funds Continuing Appropriation Act) is less than the  
10 amount lawfully vouchered under this Section, the difference  
11 shall be paid from the General Revenue Fund under the  
12 continuing appropriation authority provided in Section 1.1 of  
13 the State Pension Funds Continuing Appropriation Act.

14 (d) So long as the payments received are the full amount  
15 lawfully vouchered under this Section, payments received by the  
16 System under this Section shall be applied first toward the  
17 employer contribution to the self-managed plan established  
18 under Section 15-158.2. Payments shall be applied second toward  
19 the employer's portion of the normal costs of the System, as  
20 defined in subsection (f) of Section 15-155. The balance shall  
21 be applied toward the unfunded actuarial liabilities of the  
22 System.

23 (e) In the event that the System does not receive, as a  
24 result of legislative enactment or otherwise, payments  
25 sufficient to fully fund the employer contribution to the  
26 self-managed plan established under Section 15-158.2 and to

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1 fully fund that portion of the employer's portion of the normal  
2 costs of the System, as calculated in accordance with Section  
3 15-155(a-1), then any payments received shall be applied  
4 proportionately to the optional retirement program established  
5 under Section 15-158.2 and to the employer's portion of the

6 normal costs of the System, as calculated in accordance with  
7 Section 15-155(a-1).

8 (Source: P.A. 97-694, eff. 6-18-12; 98-92, eff. 7-16-13.)

9 (40 ILCS 5/15-198)

10 Sec. 15-198. Application and expiration of new benefit  
11 increases.

12 (a) As used in this Section, "new benefit increase" means  
13 an increase in the amount of any benefit provided under this  
14 Article, or an expansion of the conditions of eligibility for  
15 any benefit under this Article, that results from an amendment  
16 to this Code that takes effect after the effective date of this  
17 amendatory Act of the 94th General Assembly. "New benefit  
18 increase", however, does not include any benefit increase  
19 resulting from the changes made by this amendatory Act of the  
20 98th General Assembly.

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

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

5 Every new benefit increase is contingent upon the General  
6 Assembly providing the additional funding required under this  
7 subsection. The Commission on Government Forecasting and  
8 Accountability shall analyze whether adequate additional  
9 funding has been provided for the new benefit increase and  
10 shall report its analysis to the Public Pension Division of the  
11 Department of Insurance ~~Financial and Professional Regulation~~.  
12 A new benefit increase created by a Public Act that does not  
13 include the additional funding required under this subsection

14 is null and void. If the Public Pension Division determines  
15 that the additional funding provided for a new benefit increase  
16 under this subsection is or has become inadequate, it may so  
17 certify to the Governor and the State Comptroller and, in the  
18 absence of corrective action by the General Assembly, the new  
19 benefit increase shall expire at the end of the fiscal year in  
20 which the certification is made.

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

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

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

12 (40 ILCS 5/15-200 new)

13 Sec. 15-200. Defined contribution plan.

14 (a) By July 1, 2015, the System shall prepare and implement  
15 a voluntary defined contribution plan for up to 5% of eligible  
16 active Tier 1 members. The System shall determine the 5% cap by  
17 the number of active Tier 1 members on the effective date of  
18 this Section. The defined contribution plan developed under  
19 this Section shall be a plan that aggregates employer and  
20 employee contributions in individual participant accounts

21 which, after meeting any other requirements, are used for  
22 payouts after retirement in accordance with this Section and  
23 any other applicable laws.

24 As used in this Section, "defined benefit plan" means the  
25 retirement plan available under this Article to Tier 1 members

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1 who have not made the election authorized under this Section.

2 (1) Under the defined contribution plan, an active Tier  
3 1 member of this System could elect to cease accruing  
4 benefits in the defined benefit plan under this Article and  
5 begin accruing benefits for future service in the defined  
6 contribution plan. Service credit under the defined  
7 contribution plan may be used for determining retirement  
8 eligibility under the defined benefit plan. An active Tier  
9 1 member who elects to cease accruing benefits in his or  
10 her defined benefit plan shall be prohibited from  
11 purchasing service credit on or after the date of his or  
12 her election. A Tier 1 member making the irrevocable  
13 election provided under this Section shall not receive  
14 interest accruals to his or her Rule 2 benefit on or after  
15 the date of his or her election.

16 (2) Participants in the defined contribution plan  
17 shall pay employee contributions at the same rate as other  
18 participants under this Article as determined by the  
19 System.

20 (3) State contributions shall be paid into the accounts  
21 of all participants in the defined contribution plan at a  
22 uniform rate, expressed as a percentage of earnings and  
23 determined for each year. This rate shall be no higher than  
24 the employer's normal cost for Tier 1 members in the  
25 defined benefit plan for that year, as determined by the  
26 System and expressed as a percentage of earnings, and shall

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1 be no lower than 3% of earnings. The State shall adjust  
2 this rate annually.

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

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

15 (6) The defined contribution plan shall provide a  
16 variety of options for investments. These options shall  
17 include investments handled by the System as well as  
18 private sector investment options.

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

22 (8) To the extent authorized under federal law and as  
23 authorized by the System, the plan shall allow former  
24 participants in the plan to transfer or roll over employee  
25 and vested State contributions, and the earnings thereon,  
26 into other qualified retirement plans.

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1 (9) The System shall reduce the employee contributions  
2 credited to the member's defined contribution plan account  
3 by an amount determined by the System to cover the cost of  
4 offering these benefits and any applicable administrative  
5 fees.

6 (b) Only persons who are active Tier 1 members of the  
7

8 System on the effective date of this Section are eligible to  
9 participate in the defined contribution plan. Participation in  
10 the defined contribution plan shall be limited to the first 5%  
11 of eligible persons who elect to participate. The election to  
12 participate in the defined contribution plan is voluntary and  
13 irrevocable.

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

20 When the System first determines that 5% of eligible  
21 persons have elected to participate in the defined contribution  
22 plan, the System shall provide notice to previously eligible  
23 employees that the plan is no longer available and shall cease  
24 accepting applications to participate.

25 (d) The System shall make a good faith effort to contact  
26 each active Tier 1 member who is eligible to participate in the  
defined contribution plan. The System shall mail information

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1 describing the option to join the defined contribution plan to  
2 each of these employees to his or her last known address on  
3 file with the System. If the employee is not responsive to  
4 other means of contact, it is sufficient for the System to  
5 publish the details of the option on its website.

6 Upon request for further information describing the  
7 option, the System shall provide employees with information  
8 from the System before exercising the option to join the plan,  
9 including information on the impact to their vested benefits or  
10 non-vested service. The individual consultation shall include  
11 projections of the member's defined benefits at retirement or  
12 earlier termination of service and the value of the member's  
13 account at retirement or earlier termination of service. The  
14 System shall not provide advice or counseling with respect to

15 whether the employee should exercise the option. The System  
16 shall inform Tier 1 employees who are eligible to participate  
17 in the defined contribution plan that they may also wish to  
18 obtain information and counsel relating to their option from  
19 any other available source, including but not limited to labor  
20 organizations, private counsel, and financial advisors.

21 (e) In no event shall the System, its staff, its authorized  
22 representatives, or the Board be liable for any information  
23 given to an employee under this Section. The System may  
24 coordinate with the Illinois Department of Central Management  
25 Services and other retirement systems administering a defined  
26 contribution plan in accordance with this amendatory Act of the

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1 98th General Assembly to provide information concerning the  
2 impact of the option set forth in this Section.

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

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

12 (h) If an active Tier 1 member has not made an election  
13 under Section 15-134.5 of this Code, then the plan prescribed  
14 under this Section shall not apply to that Tier 1 member and  
15 that Tier 1 member shall remain eligible to make the election  
16 prescribed under Section 15-134.5.

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



23 (40 ILCS 5/15-201 new)  
 24 Sec. 15-201. Defined contribution plan; termination. If  
 25 the defined contribution plan is terminated or becomes

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1 inoperative pursuant to law, then each participant in the plan  
 2 shall automatically be deemed to have been a contributing Tier  
 3 1 member participating in the System's defined benefit plan  
 4 during the time in which he or she participated in the defined  
 5 contribution plan, and for that purpose the System shall be  
 6 entitled to recover the amounts in the participant's defined  
 7 contribution accounts.

8 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)  
 9 Sec. 16-106. Teacher. "Teacher": The following  
 10 individuals, provided that, for employment prior to July 1,  
 11 1990, they are employed on a full-time basis, or if not  
 12 full-time, on a permanent and continuous basis in a position in  
 13 which services are expected to be rendered for at least one  
 14 school term:

15 (1) Any educational, administrative, professional or  
 16 other staff employed in the public common schools included  
 17 within this system in a position requiring certification  
 18 under the law governing the certification of teachers;

19 (2) Any educational, administrative, professional or  
 20 other staff employed in any facility of the Department of  
 21 Children and Family Services or the Department of Human  
 22 Services, in a position requiring certification under the  
 23 law governing the certification of teachers, and any person  
 24 who (i) works in such a position for the Department of  
 25 Corrections, (ii) was a member of this System on May 31,

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1 1987, and (iii) did not elect to become a member of the  
2 State Employees' Retirement System pursuant to Section  
3 14-108.2 of this Code; except that "teacher" does not  
4 include any person who (A) becomes a security employee of  
5 the Department of Human Services, as defined in Section  
6 14-110, after June 28, 2001 (the effective date of Public  
7 Act 92-14), or (B) becomes a member of the State Employees'  
8 Retirement System pursuant to Section 14-108.2c of this  
9 Code;

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

17 (4) Any employee of a school board association  
18 operating in compliance with Article 23 of the School Code  
19 who is certificated under the law governing the  
20 certification of teachers, provided that he or she becomes  
21 such an employee before the effective date of this  
22 amendatory Act of the 98th General Assembly;

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

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

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

3 (6) Any educational, administrative, professional or  
4 other staff employed by and under the supervision and  
5 control of a regional superintendent of schools, provided  
6 such employment position requires the person to be  
7 certificated under the law governing the certification of  
8 teachers and is in an educational program serving 2 or more

9 districts in accordance with a joint agreement authorized  
10 by the School Code or by federal legislation;

11 (7) Any educational, administrative, professional or  
12 other staff employed in an educational program serving 2 or  
13 more school districts in accordance with a joint agreement  
14 authorized by the School Code or by federal legislation and  
15 in a position requiring certification under the laws  
16 governing the certification of teachers;

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

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1 first became an officer or employee of the teacher  
2 organization and becomes a member before the effective date  
3 of this amendatory Act of the 97th General Assembly;

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

8 (10) Any person employed, on the effective date of this  
9 amendatory Act of the 94th General Assembly, by the  
10 Macon-Piatt Regional Office of Education in a  
11 birth-through-age-three pilot program receiving funds  
12 under Section 2-389 of the School Code who is required by  
13 the Macon-Piatt Regional Office of Education to hold a  
14 teaching certificate, provided that the Macon-Piatt  
15 Regional Office of Education makes an election, within 6  
16 months after the effective date of this amendatory Act of

17 the 94th General Assembly, to have the person participate  
 18 in the system. Any service established prior to the  
 19 effective date of this amendatory Act of the 94th General  
 20 Assembly for service as an employee of the Macon-Piatt  
 21 Regional Office of Education in a birth-through-age-three  
 22 pilot program receiving funds under Section 2-389 of the  
 23 School Code shall be considered service as a teacher if  
 24 employee and employer contributions have been received by  
 25 the system and the system has not refunded those  
 26 contributions.

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1 An annuitant receiving a retirement annuity under this  
 2 Article or under Article 17 of this Code who is employed by a  
 3 board of education or other employer as permitted under Section  
 4 16-118 or 16-150.1 is not a "teacher" for purposes of this  
 5 Article. A person who has received a single-sum retirement  
 6 benefit under Section 16-136.4 of this Article is not a  
 7 "teacher" for purposes of this Article.  
 8 (Source: P.A. 97-651, eff. 1-5-12; 98-463, eff. 8-16-13.)

9 (40 ILCS 5/16-106.4 new)

10 Sec. 16-106.4. Tier 1 member. "Tier 1 member": A member  
 11 under this Article who first became a member or participant  
 12 before January 1, 2011 under any reciprocal retirement system  
 13 or pension fund established under this Code other than a  
 14 retirement system or pension fund established under Article 2,  
 15 3, 4, 5, 6, or 18 of this Code.

16 (40 ILCS 5/16-112) (from Ch. 108 1/2, par. 16-112)

17 Sec. 16-112. Regular interest.

18 "Regular interest":

19 (a) For computations based upon prior service credits,  
 20 interest at the following rates compounded annually: For  
 21 periods prior to July 1, 1947, 4% per year; for periods from  
 22 July 1, 1947 through June 30, 1971, 3% per year; for periods

23 from July 1, 1971 through June 30, 1977 at the rate of 4% per  
 24 year; for periods from July 1, 1977 through June 30, 1981, 5%

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1 per year; for periods after June 30, 1981 through June 30,  
 2 2014, 6% per year.

3 (b) For computations based upon membership service  
 4 credits, interest at the following rates, compounded annually:  
 5 For periods prior to July 1, 1971, 3% per year; for periods  
 6 from July 1, 1971 through June 30, 1977, 4% per year; for  
 7 periods from July 1, 1977 through June 30, 1981, 5% per year;  
 8 for periods after June 30, 1981 through June 30, 2014, 6% per  
 9 year.

10 (c) For a fiscal year that begins on or after July 1, 2014,  
 11 for all computations, the interest rate of 30-year United  
 12 States Treasury bonds on July 1 of that given fiscal year, plus  
 13 75 basis points.

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

15 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

16 Sec. 16-121. Salary. "Salary": The actual compensation  
 17 received by a teacher during any school year and recognized by  
 18 the system in accordance with rules of the board. For purposes  
 19 of this Section, "school year" includes the regular school term  
 20 plus any additional period for which a teacher is compensated  
 21 and such compensation is recognized by the rules of the board.

22 In the case of a person who first becomes a member on or  
 23 after the effective date of this amendatory Act of the 98th  
 24 General Assembly, "salary" shall not include any payment for  
 25 unused sick or vacation time.

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1 Notwithstanding any other provision of this Code, the  
 2 annual salary of a Tier 1 member for the purposes of this Code

3 shall not exceed, for periods of service on or after the  
4 effective date of this amendatory Act of the 98th General  
5 Assembly, the greater of (i) the annual limitation determined  
6 from time to time under subsection (b-5) of Section 1-160 of  
7 this Code, (ii) the annualized salary of the Tier 1 member on  
8 that effective date, or (iii) the annualized salary of the Tier  
9 1 member immediately preceding the expiration, renewal, or  
10 amendment of an employment contract or collective bargaining  
11 agreement in effect on that effective date.

12 (Source: P.A. 84-1028.)

13 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)  
14 Sec. 16-127. Computation of creditable service.

15 (a) Each member shall receive regular credit for all  
16 service as a teacher from the date membership begins, for which  
17 satisfactory evidence is supplied and all contributions have  
18 been paid.

19 (b) The following periods of service shall earn optional  
20 credit and each member shall receive credit for all such  
21 service for which satisfactory evidence is supplied and all  
22 contributions have been paid as of the date specified:

23 (1) Prior service as a teacher.

24 (2) Service in a capacity essentially similar or  
25 equivalent to that of a teacher, in the public common

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1 schools in school districts in this State not included  
2 within the provisions of this System, or of any other  
3 State, territory, dependency or possession of the United  
4 States, or in schools operated by or under the auspices of  
5 the United States, or under the auspices of any agency or  
6 department of any other State, and service during any  
7 period of professional speech correction or special  
8 education experience for a public agency within this State  
9 or any other State, territory, dependency or possession of  
10 the United States, and service prior to February 1, 1951 as

11 a recreation worker for the Illinois Department of Public  
12 Safety, for a period not exceeding the lesser of 2/5 of the  
13 total creditable service of the member or 10 years. The  
14 maximum service of 10 years which is allowable under this  
15 paragraph shall be reduced by the service credit which is  
16 validated by other retirement systems under paragraph (i)  
17 of Section 15-113 and paragraph 1 of Section 17-133. Credit  
18 granted under this paragraph may not be used in  
19 determination of a retirement annuity or disability  
20 benefits unless the member has at least 5 years of  
21 creditable service earned subsequent to this employment  
22 with one or more of the following systems: Teachers'  
23 Retirement System of the State of Illinois, State  
24 Universities Retirement System, and the Public School  
25 Teachers' Pension and Retirement Fund of Chicago. Whenever  
26 such service credit exceeds the maximum allowed for all

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1 purposes of this Article, the first service rendered in  
2 point of time shall be considered. The changes to this  
3 subdivision (b) (2) made by Public Act 86-272 shall apply  
4 not only to persons who on or after its effective date  
5 (August 23, 1989) are in service as a teacher under the  
6 System, but also to persons whose status as such a teacher  
7 terminated prior to such effective date, whether or not  
8 such person is an annuitant on that date.

9 (3) Any periods immediately following teaching  
10 service, under this System or under Article 17, (or  
11 immediately following service prior to February 1, 1951 as  
12 a recreation worker for the Illinois Department of Public  
13 Safety) spent in active service with the military forces of  
14 the United States; periods spent in educational programs  
15 that prepare for return to teaching sponsored by the  
16 federal government following such active military service;  
17 if a teacher returns to teaching service within one  
18 calendar year after discharge or after the completion of

19 the educational program, a further period, not exceeding  
20 one calendar year, between time spent in military service  
21 or in such educational programs and the return to  
22 employment as a teacher under this System; and a period of  
23 up to 2 years of active military service not immediately  
24 following employment as a teacher.

25 The changes to this Section and Section 16-128 relating  
26 to military service made by P.A. 87-794 shall apply not

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1 only to persons who on or after its effective date are in  
2 service as a teacher under the System, but also to persons  
3 whose status as a teacher terminated prior to that date,  
4 whether or not the person is an annuitant on that date. In  
5 the case of an annuitant who applies for credit allowable  
6 under this Section for a period of military service that  
7 did not immediately follow employment, and who has made the  
8 required contributions for such credit, the annuity shall  
9 be recalculated to include the additional service credit,  
10 with the increase taking effect on the date the System  
11 received written notification of the annuitant's intent to  
12 purchase the credit, if payment of all the required  
13 contributions is made within 60 days of such notice, or  
14 else on the first annuity payment date following the date  
15 of payment of the required contributions. In calculating  
16 the automatic annual increase for an annuity that has been  
17 recalculated under this Section, the increase attributable  
18 to the additional service allowable under P.A. 87-794 shall  
19 be included in the calculation of automatic annual  
20 increases accruing after the effective date of the  
21 recalculation.

22 Credit for military service shall be determined as  
23 follows: if entry occurs during the months of July, August,  
24 or September and the member was a teacher at the end of the  
25 immediately preceding school term, credit shall be granted  
26 from July 1 of the year in which he or she entered service;



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1 if entry occurs during the school term and the teacher was  
2 in teaching service at the beginning of the school term,  
3 credit shall be granted from July 1 of such year. In all  
4 other cases where credit for military service is allowed,  
5 credit shall be granted from the date of entry into the  
6 service.

7 The total period of military service for which credit  
8 is granted shall not exceed 5 years for any member unless  
9 the service: (A) is validated before July 1, 1964, and (B)  
10 does not extend beyond July 1, 1963. Credit for military  
11 service shall be granted under this Section only if not  
12 more than 5 years of the military service for which credit  
13 is granted under this Section is used by the member to  
14 qualify for a military retirement allotment from any branch  
15 of the armed forces of the United States. The changes to  
16 this subdivision (b) (3) made by Public Act 86-272 shall  
17 apply not only to persons who on or after its effective  
18 date (August 23, 1989) are in service as a teacher under  
19 the System, but also to persons whose status as such a  
20 teacher terminated prior to such effective date, whether or  
21 not such person is an annuitant on that date.

22 (4) Any periods served as a member of the General  
23 Assembly.

24 (5) (i) Any periods for which a teacher, as defined in  
25 Section 16-106, is granted a leave of absence, provided he  
26 or she returns to teaching service creditable under this

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1 System or the State Universities Retirement System  
2 following the leave; (ii) periods during which a teacher is  
3 involuntarily laid off from teaching, provided he or she

4 returns to teaching following the lay-off; (iii) periods  
5 prior to July 1, 1983 during which a teacher ceased covered  
6 employment due to pregnancy, provided that the teacher  
7 returned to teaching service creditable under this System  
8 or the State Universities Retirement System following the  
9 pregnancy and submits evidence satisfactory to the Board  
10 documenting that the employment ceased due to pregnancy;  
11 and (iv) periods prior to July 1, 1983 during which a  
12 teacher ceased covered employment for the purpose of  
13 adopting an infant under 3 years of age or caring for a  
14 newly adopted infant under 3 years of age, provided that  
15 the teacher returned to teaching service creditable under  
16 this System or the State Universities Retirement System  
17 following the adoption and submits evidence satisfactory  
18 to the Board documenting that the employment ceased for the  
19 purpose of adopting an infant under 3 years of age or  
20 caring for a newly adopted infant under 3 years of age.  
21 However, total credit under this paragraph (5) may not  
22 exceed 3 years.

23 Any qualified member or annuitant may apply for credit  
24 under item (iii) or (iv) of this paragraph (5) without  
25 regard to whether service was terminated before the  
26 effective date of this amendatory Act of 1997. In the case

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1 of an annuitant who establishes credit under item (iii) or  
2 (iv), the annuity shall be recalculated to include the  
3 additional service credit. The increase in annuity shall  
4 take effect on the date the System receives written  
5 notification of the annuitant's intent to purchase the  
6 credit, if the required evidence is submitted and the  
7 required contribution paid within 60 days of that  
8 notification, otherwise on the first annuity payment date  
9 following the System's receipt of the required evidence and  
10 contribution. The increase in an annuity recalculated  
11 under this provision shall be included in the calculation

12 of automatic annual increases in the annuity accruing after  
13 the effective date of the recalculation.

14 Optional credit may be purchased under this subsection  
15 (b) (5) for periods during which a teacher has been granted  
16 a leave of absence pursuant to Section 24-13 of the School  
17 Code. A teacher whose service under this Article terminated  
18 prior to the effective date of P.A. 86-1488 shall be  
19 eligible to purchase such optional credit. If a teacher who  
20 purchases this optional credit is already receiving a  
21 retirement annuity under this Article, the annuity shall be  
22 recalculated as if the annuitant had applied for the leave  
23 of absence credit at the time of retirement. The difference  
24 between the entitled annuity and the actual annuity shall  
25 be credited to the purchase of the optional credit. The  
26 remainder of the purchase cost of the optional credit shall

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1 be paid on or before April 1, 1992.

2 The change in this paragraph made by Public Act 86-273  
3 shall be applicable to teachers who retire after June 1,  
4 1989, as well as to teachers who are in service on that  
5 date.

6 (6) For a person who first becomes a member before the  
7 effective date of this amendatory Act of the 98th General  
8 Assembly, any ~~Any~~ days of unused and uncompensated  
9 accumulated sick leave earned by a teacher. The service  
10 credit granted under this paragraph shall be the ratio of  
11 the number of unused and uncompensated accumulated sick  
12 leave days to 170 days, subject to a maximum of 2 years of  
13 service credit. Prior to the member's retirement, each  
14 former employer shall certify to the System the number of  
15 unused and uncompensated accumulated sick leave days  
16 credited to the member at the time of termination of  
17 service. The period of unused sick leave shall not be  
18 considered in determining the effective date of  
19 retirement. A member is not required to make contributions

20 in order to obtain service credit for unused sick leave.

21 Credit for sick leave shall, at retirement, be granted  
22 by the System for any retiring regional or assistant  
23 regional superintendent of schools who first becomes a  
24 member before the effective date of this amendatory Act of  
25 the 98th General Assembly at the rate of 6 days per year of  
26 creditable service or portion thereof established while

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1 serving as such superintendent or assistant  
2 superintendent.

3 (7) Periods prior to February 1, 1987 served as an  
4 employee of the Illinois Mathematics and Science Academy  
5 for which credit has not been terminated under Section  
6 15-113.9 of this Code.

7 (8) Service as a substitute teacher for work performed  
8 prior to July 1, 1990.

9 (9) Service as a part-time teacher for work performed  
10 prior to July 1, 1990.

11 (10) Up to 2 years of employment with Southern Illinois  
12 University - Carbondale from September 1, 1959 to August  
13 31, 1961, or with Governors State University from September  
14 1, 1972 to August 31, 1974, for which the teacher has no  
15 credit under Article 15. To receive credit under this item  
16 (10), a teacher must apply in writing to the Board and pay  
17 the required contributions before May 1, 1993 and have at  
18 least 12 years of service credit under this Article.

19 (b-1) A member may establish optional credit for up to 2  
20 years of service as a teacher or administrator employed by a  
21 private school recognized by the Illinois State Board of  
22 Education, provided that the teacher (i) was certified under  
23 the law governing the certification of teachers at the time the  
24 service was rendered, (ii) applies in writing on or after  
25 August 1, 2009 and on or before August 1, 2012, (iii) supplies  
26 satisfactory evidence of the employment, (iv) completes at

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1 least 10 years of contributing service as a teacher as defined  
2 in Section 16-106, and (v) pays the contribution required in  
3 subsection (d-5) of Section 16-128. The member may apply for  
4 credit under this subsection and pay the required contribution  
5 before completing the 10 years of contributing service required  
6 under item (iv), but the credit may not be used until the item  
7 (iv) contributing service requirement has been met.

8 (c) The service credits specified in this Section shall be  
9 granted only if: (1) such service credits are not used for  
10 credit in any other statutory tax-supported public employee  
11 retirement system other than the federal Social Security  
12 program; and (2) the member makes the required contributions as  
13 specified in Section 16-128. Except as provided in subsection  
14 (b-1) of this Section, the service credit shall be effective as  
15 of the date the required contributions are completed.

16 Any service credits granted under this Section shall  
17 terminate upon cessation of membership for any cause.

18 Credit may not be granted under this Section covering any  
19 period for which an age retirement or disability retirement  
20 allowance has been paid.

21 (Source: P.A. 96-546, eff. 8-17-09.)

22 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

23 Sec. 16-132. Retirement annuity eligibility.

24 (a) A member who has at least 20 years of creditable  
25 service is entitled to a retirement annuity upon or after

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1 attainment of age 55. A member who has at least 10 but less  
2 than 20 years of creditable service is entitled to a retirement  
3 annuity upon or after attainment of age 60. A member who has at  
4 least 5 but less than 10 years of creditable service is  
5 entitled to a retirement annuity upon or after attainment of

6 age 62. A member who (i) has earned during the period  
7 immediately preceding the last day of service at least one year  
8 of contributing creditable service as an employee of a  
9 department as defined in Section 14-103.04, (ii) has earned at  
10 least 5 years of contributing creditable service as an employee  
11 of a department as defined in Section 14-103.04, and (iii)  
12 retires on or after January 1, 2001 is entitled to a retirement  
13 annuity upon or after attainment of an age which, when added to  
14 the number of years of his or her total creditable service,  
15 equals at least 85. Portions of years shall be counted as  
16 decimal equivalents.

17 A member who is eligible to receive a retirement annuity of  
18 at least 74.6% of final average salary and will attain age 55  
19 on or before December 31 during the year which commences on  
20 July 1 shall be deemed to attain age 55 on the preceding June  
21 1.

22 (b) Notwithstanding subsection (a) of this Section, for a  
23 Tier 1 member who begins receiving a retirement annuity under  
24 this Section on or after July 1, 2014, the required retirement  
25 age under subsection (a) is increased as follows, based on the  
26 Tier 1 member's age on June 1, 2014:

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

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

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

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

13 (5) If he or she is at least age 42 but less than age 43

14 on June 1, 2014, then the required retirement ages under  
15 subsection (a) are increased by 16 months.

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

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

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

25 (9) If he or she is at least age 38 but less than age 39  
26 on June 1, 2014, then the required retirement ages under

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1 subsection (a) are increased by 32 months.

2 (10) If he or she is at least age 37 but less than age  
3 38 on June 1, 2014, then the required retirement ages under  
4 subsection (a) are increased by 36 months.

5 (11) If he or she is at least age 36 but less than age  
6 37 on June 1, 2014, then the required retirement ages under  
7 subsection (a) are increased by 40 months.

8 (12) If he or she is at least age 35 but less than age  
9 36 on June 1, 2014, then the required retirement ages under  
10 subsection (a) are increased by 44 months.

11 (13) If he or she is at least age 34 but less than age  
12 35 on June 1, 2014, then the required retirement ages under  
13 subsection (a) are increased by 48 months.

14 (14) If he or she is at least age 33 but less than age  
15 34 on June 1, 2014, then the required retirement ages under  
16 subsection (a) are increased by 52 months.

17 (15) If he or she is at least age 32 but less than age  
18 33 on June 1, 2014, then the required retirement ages under  
19 subsection (a) are increased by 56 months.

20 (16) If he or she is less than age 32 on June 1, 2014,  
21 then the required retirement ages under subsection (a) are

22           increased by 60 months.  
 23           Notwithstanding Section 1-103.1, this subsection (b)  
 24           applies without regard to whether or not the Tier 1 member is  
 25           in active service under this Article on or after the effective  
 26           date of this amendatory Act of the 98th General Assembly.

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1           (c) A member meeting the above eligibility conditions is  
 2 entitled to a retirement annuity upon written application to  
 3 the board setting forth the date the member wishes the  
 4 retirement annuity to commence. However, the effective date of  
 5 the retirement annuity shall be no earlier than the day  
 6 following the last day of creditable service, regardless of the  
 7 date of official termination of employment.

8           (d) To be eligible for a retirement annuity, a member shall  
 9 not be employed as a teacher in the schools included under this  
 10 System or under Article 17, except (i) as provided in Section  
 11 16-118 or 16-150.1, (ii) if the member is disabled (in which  
 12 event, eligibility for salary must cease), or (iii) if the  
 13 System is required by federal law to commence payment due to  
 14 the member's age; the changes to this sentence made by Public  
 15 Act 93-320 ~~this amendatory Act of the 93rd General Assembly~~  
 16 apply without regard to whether the member terminated  
 17 employment before or after its effective date.

18 (Source: P.A. 93-320, eff. 7-23-03.)

19           (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)  
 20           Sec. 16-133. Retirement annuity; amount.

21           (a) The amount of the retirement annuity shall be (i) in  
 22 the case of a person who first became a teacher under this  
 23 Article before July 1, 2005, the larger of the amounts  
 24 determined under paragraphs (A) and (B) below, or (ii) in the  
 25 case of a person who first becomes a teacher under this Article

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1 on or after July 1, 2005, the amount determined under the  
2 applicable provisions of paragraph (B):

3 (A) An amount consisting of the sum of the following:

4 (1) An amount that can be provided on an  
5 actuarially equivalent basis (using the rate of  
6 regular interest in effect at the time of retirement  
7 for retirements occurring on or after July 1, 2014) by  
8 the member's accumulated contributions at the time of  
9 retirement; and

10 (2) The sum of (i) the amount that can be provided  
11 on an actuarially equivalent basis (using the rate of  
12 regular interest in effect at the time of retirement  
13 for retirements occurring on or after July 1, 2014) by  
14 the member's accumulated contributions representing  
15 service prior to July 1, 1947, and (ii) the amount that  
16 can be provided on an actuarially equivalent basis  
17 (using the rate of regular interest in effect at the  
18 time of retirement for retirements occurring on or  
19 after July 1, 2014) by the amount obtained by  
20 multiplying 1.4 times the member's accumulated  
21 contributions covering service subsequent to June 30,  
22 1947; and

23 (3) If there is prior service, 2 times the amount  
24 that would have been determined under subparagraph (2)  
25 of paragraph (A) above on account of contributions  
26 which would have been made during the period of prior

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1 service creditable to the member had the System been in  
2 operation and had the member made contributions at the  
3 contribution rate in effect prior to July 1, 1947.

4 Notwithstanding any other provision of this paragraph  
5 (A), a teacher's retirement annuity calculated under this  
6 paragraph (A) shall not be less than the retirement annuity  
7 that teacher would have received under this paragraph (A)

8 had he or she retired during the fiscal year preceding the  
9 effective date of this amendatory Act of the 98th General  
10 Assembly.

11 This paragraph (A) does not apply to a person who first  
12 becomes a teacher under this Article on or after July 1,  
13 2005.

14 (B) An amount consisting of the greater of the  
15 following:

16 (1) For creditable service earned before July 1,  
17 1998 that has not been augmented under Section  
18 16-129.1: 1.67% of final average salary for each of the  
19 first 10 years of creditable service, 1.90% of final  
20 average salary for each year in excess of 10 but not  
21 exceeding 20, 2.10% of final average salary for each  
22 year in excess of 20 but not exceeding 30, and 2.30% of  
23 final average salary for each year in excess of 30; and

24 For creditable service earned on or after July 1,  
25 1998 by a member who has at least 24 years of  
26 creditable service on July 1, 1998 and who does not

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1 elect to augment service under Section 16-129.1: 2.2%  
2 of final average salary for each year of creditable  
3 service earned on or after July 1, 1998 but before the  
4 member reaches a total of 30 years of creditable  
5 service and 2.3% of final average salary for each year  
6 of creditable service earned on or after July 1, 1998  
7 and after the member reaches a total of 30 years of  
8 creditable service; and

9 For all other creditable service: 2.2% of final  
10 average salary for each year of creditable service; or

11 (2) 1.5% of final average salary for each year of  
12 creditable service plus the sum \$7.50 for each of the  
13 first 20 years of creditable service.

14 The amount of the retirement annuity determined under this  
15

16 paragraph (B) shall be reduced by 1/2 of 1% for each month  
17 that the member is less than age 60 at the time the  
18 retirement annuity begins. However, this reduction shall  
19 not apply (i) if the member has at least 35 years of  
20 creditable service, or (ii) if the member retires on  
21 account of disability under Section 16-149.2 of this  
22 Article with at least 20 years of creditable service, or  
23 (iii) if the member (1) has earned during the period  
24 immediately preceding the last day of service at least one  
25 year of contributing creditable service as an employee of a  
26 department as defined in Section 14-103.04, (2) has earned  
at least 5 years of contributing creditable service as an

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1 employee of a department as defined in Section 14-103.04,  
2 (3) retires on or after January 1, 2001, and (4) retires  
3 having attained an age which, when added to the number of  
4 years of his or her total creditable service, equals at  
5 least 85. Portions of years shall be counted as decimal  
6 equivalents.

7 (b) For purposes of this Section, final average salary  
8 shall be the average salary for the highest 4 consecutive years  
9 within the last 10 years of creditable service as determined  
10 under rules of the board. The minimum final average salary  
11 shall be considered to be \$2,400 per year.

12 In the determination of final average salary for members  
13 other than elected officials and their appointees when such  
14 appointees are allowed by statute, that part of a member's  
15 salary for any year beginning after June 30, 1979 which exceeds  
16 the member's annual full-time salary rate with the same  
17 employer for the preceding year by more than 20% shall be  
18 excluded. The exclusion shall not apply in any year in which  
19 the member's creditable earnings are less than 50% of the  
20 preceding year's mean salary for downstate teachers as  
21 determined by the survey of school district salaries provided  
22 in Section 2-3.103 of the School Code.

23 (c) In determining the amount of the retirement annuity  
 24 under paragraph (B) of this Section, a fractional year shall be  
 25 granted proportional credit.

26 (d) The retirement annuity determined under paragraph (B)

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1 of this Section shall be available only to members who render  
 2 teaching service after July 1, 1947 for which member  
 3 contributions are required, and to annuitants who re-enter  
 4 under the provisions of Section 16-150.

5 (e) The maximum retirement annuity provided under  
 6 paragraph (B) of this Section shall be 75% of final average  
 7 salary.

8 (f) A member retiring after the effective date of this  
 9 amendatory Act of 1998 shall receive a pension equal to 75% of  
 10 final average salary if the member is qualified to receive a  
 11 retirement annuity equal to at least 74.6% of final average  
 12 salary under this Article or as proportional annuities under  
 13 Article 20 of this Code.

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

15 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)  
 16 Sec. 16-133.1. Automatic annual increase in annuity.

17 (a) This subsection (a) is subject to subsections (a-1) and  
 18 (a-2). Each member with creditable service and retiring on or  
 19 after August 26, 1969 is entitled to the automatic annual  
 20 increases in annuity provided under this Section while  
 21 receiving a retirement annuity or disability retirement  
 22 annuity from the system.

23 An annuitant shall first be entitled to an initial increase  
 24 under this Section on the January 1 next following the first  
 25 anniversary of retirement, or January 1 of the year next

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1 following attainment of age 61, whichever is later. At such  
2 time, the system shall pay an initial increase determined as  
3 follows:

4 (1) 1.5% of the originally granted retirement annuity  
5 or disability retirement annuity multiplied by the number  
6 of years elapsed, if any, from the date of retirement until  
7 January 1, 1972, plus

8 (2) 2% of the originally granted annuity multiplied by  
9 the number of years elapsed, if any, from the date of  
10 retirement or January 1, 1972, whichever is later, until  
11 January 1, 1978, plus

12 (3) 3% of the originally granted annuity multiplied by  
13 the number of years elapsed from the date of retirement or  
14 January 1, 1978, whichever is later, until the effective  
15 date of the initial increase.

16 However, the initial annual increase calculated under this  
17 Section for the recipient of a disability retirement annuity  
18 granted under Section 16-149.2 shall be reduced by an amount  
19 equal to the total of all increases in that annuity received  
20 under Section 16-149.5 (but not exceeding 100% of the amount of  
21 the initial increase otherwise provided under this Section).

22 Following the initial increase, automatic annual increases  
23 in annuity shall be payable on each January 1 thereafter during  
24 the lifetime of the annuitant, determined as a percentage of  
25 the originally granted retirement annuity or disability  
26 retirement annuity for increases granted prior to January 1,

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1 1990, and calculated as a percentage of the total amount of  
2 annuity, including previous increases under this Section, for  
3 increases granted on or after January 1, 1990, as follows: 1.5%  
4 for periods prior to January 1, 1972, 2% for periods after  
5 December 31, 1971 and prior to January 1, 1978, and 3% for  
6 periods after December 31, 1977.

7 (a-1) Notwithstanding subsection (a), but subject to the  
8 provisions of subsection (a-2), all automatic increases

9 payable under subsection (a) on or after the effective date of  
10 this amendatory Act of the 98th General Assembly shall be  
11 calculated as 3% of the lesser of (1) the total annuity payable  
12 at the time of the increase, including previous increases  
13 granted, or (2) \$1,000 multiplied by the number of years of  
14 creditable service upon which the annuity is based; however, in  
15 the case of an initial increase under subsection (a) that is  
16 subject to this subsection:

17 (i) if more than one year has elapsed from the date of  
18 retirement to the effective date of the initial increase  
19 under this Section, the applicable percentage shall be the  
20 sum of the percentages for each such elapsed year; and

21 (ii) in the case of a disability retirement annuity  
22 granted under Section 16-149.2, the initial increase shall  
23 be subject to the reduction provided in subsection (a) for  
24 increases previously received under Section 16-149.5.

25 Beginning January 1, 2016, the \$1,000 referred to in item  
26 (2) of this subsection (a-1) shall be increased on each January

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

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

16 (a-2) Notwithstanding subsections (a) and (a-1), for an

17 active or inactive Tier 1 member who has not begun to receive a  
18 retirement annuity under this Article before July 1, 2014:

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

24 (2) the second, fourth, and sixth automatic annual  
25 increases payable under subsection (a) shall be at the rate  
26 of 0% of the total annuity payable at the time of the

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1 increase if he or she is at least age 47 but less than age  
2 50 on the effective date of this amendatory Act;

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

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

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

17 (b) The automatic annual increases in annuity provided  
18 under this Section shall not be applicable unless a member has  
19 made contributions toward such increases for a period  
20 equivalent to one full year of creditable service. If a member  
21 contributes for service performed after August 26, 1969 but the  
22 member becomes an annuitant before such contributions amount to  
23 one full year's contributions based on the salary at the date  
24

of retirement, he or she may pay the necessary balance of the  
25 contributions to the system and be eligible for the automatic  
26 annual increases in annuity provided under this Section.

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1 (c) Each member shall make contributions toward the cost of  
2 the automatic annual increases in annuity as provided under  
3 Section 16-152.

4 (d) An annuitant receiving a retirement annuity or  
5 disability retirement annuity on July 1, 1969, who subsequently  
6 re-enters service as a teacher is eligible for the automatic  
7 annual increases in annuity provided under this Section if he  
8 or she renders at least one year of creditable service  
9 following the latest re-entry.

10 (e) In addition to the automatic annual increases in  
11 annuity provided under this Section, an annuitant who meets the  
12 service requirements of this Section and whose retirement  
13 annuity or disability retirement annuity began on or before  
14 January 1, 1971 shall receive, on January 1, 1981, an increase  
15 in the annuity then being paid of one dollar per month for each  
16 year of creditable service. On January 1, 1982, an annuitant  
17 whose retirement annuity or disability retirement annuity  
18 began on or before January 1, 1977 shall receive an increase in  
19 the annuity then being paid of one dollar per month for each  
20 year of creditable service.

21 On January 1, 1987, any annuitant whose retirement annuity  
22 began on or before January 1, 1977, shall receive an increase  
23 in the monthly retirement annuity equal to 8¢ per year of  
24 creditable service times the number of years that have elapsed  
25 since the annuity began.

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

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1 (40 ILCS 5/16-133.2) (from Ch. 108 1/2, par. 16-133.2)  
2 Sec. 16-133.2. Early retirement without discount.

3 (a) A member retiring after June 1, 1980 and on or before  
4 June 30, 2005 (or as provided in subsection (b) of this  
5 Section), and applying for a retirement annuity within 6 months  
6 of the last day of teaching for which retirement contributions  
7 were required, may elect at the time of application for a  
8 retirement annuity, to make a one time member contribution to  
9 the System and thereby avoid the reduction in the retirement  
10 annuity for retirement before age 60 specified in paragraph (B)  
11 of Section 16-133. The exercise of the election shall also  
12 obligate the last employer to make a one time non-refundable  
13 contribution to the System. Substitute teachers wishing to  
14 exercise this election must teach 85 or more days in one school  
15 term with one employer, who shall be deemed the last employer  
16 for purposes of this Section. The last day of teaching with  
17 that employer must be within 6 months of the date of  
18 application for retirement. All substitute teaching credit  
19 applied toward the required 85 days must be earned after June  
20 30, 1990.

21 The one time member and employer contributions shall be a  
22 percentage of the retiring member's highest annual salary rate  
23 used in the determination of the average salary for retirement  
24 annuity purposes. However, when determining the one-time  
25 member and employer contributions, that part of a member's

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1 salary with the same employer which exceeds the annual salary  
2 rate for the preceding year by more than 20% shall be excluded.  
3 The member contribution shall be at the rate of 7% for the  
4 lesser of the following 2 periods: (1) for each year that the  
5 member is less than age 60; or (2) for each year that the  
6 member's creditable service is less than 35 years. If a member  
7 is at least age 55 and has at least 34 years of creditable  
8 service, no member or employer contribution for the early  
9 retirement option shall be required. The employer contribution

10 shall be at the rate of 20% for each year the member is under  
11 age 60.

12 Upon receipt of the application and election, the System  
13 shall determine the one time employee and employer  
14 contributions required. The member contribution shall be  
15 credited to the individual account of the member and the  
16 employer contribution shall be credited to the Benefit Trust  
17 Reserve. The provisions of this subsection (a) providing for  
18 the avoidance of the reduction in retirement annuity shall not  
19 be applicable until the member's contribution, if any, has been  
20 received by the System; however, the date such contributions  
21 are received shall not be considered in determining the  
22 effective date of retirement.

23 The number of members working for a single employer who may  
24 retire under this subsection or subsection (b) in any year may  
25 be limited at the option of the employer to a specified  
26 percentage of those eligible, not less than 30%, with the right

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1 to participate to be allocated among those applying on the  
2 basis of seniority in the service of the employer.

3 (b) The provisions of subsection (a) of this Section shall  
4 remain in effect for a member retiring after June 30, 2005 and  
5 on or before July 1, 2007, provided that the member satisfies  
6 both of the following requirements:

7 (1) the member notified his or her employer of intent  
8 to retire under this Article on or before the effective  
9 date of this amendatory Act of the 94th General Assembly  
10 under the terms of a contract or collective bargaining  
11 agreement entered into, amended, or renewed with the  
12 employer on or before the effective date of this amendatory  
13 Act of the 94th General Assembly; and

14 (2) the effective date of the member's retirement is on  
15 or before July 1, 2007.

16 The member's employer must give evidence of the member's  
17 notification by providing to the System:

18 (i) a copy of the member's notification to the employer  
19 or the record of that notification;

20 (ii) an affidavit signed by the member and the  
21 employer, verifying the notification; and

22 (iii) any additional documentation that the System may  
23 require.

24 (c) Except as otherwise provided in subsection (b), and  
25 subject to the provisions of Section 16-176, a member retiring  
26 on or after July 1, 2005 and on or before June 30, 2013 (or

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1 January 1, 2014 in the case of a member who has filed a notice  
2 of intent to retire with his or her employer on or before June  
3 30, 2013 and attains age 55 during the period July 1, 2013  
4 through December 31, 2013), and applying for a retirement  
5 annuity within 6 months of the last day of teaching for which  
6 retirement contributions were required, and whose last day of  
7 teaching is on or before June 30, 2013, may elect at the time  
8 of application for a retirement annuity, to make a one-time  
9 member contribution to the System and thereby avoid the  
10 reduction in the retirement annuity for retirement before age  
11 60 specified in paragraph (B) of Section 16-133. The exercise  
12 of the election shall also obligate the last employer to make a  
13 one-time nonrefundable contribution to the System. Substitute  
14 teachers wishing to exercise this election must teach 85 or  
15 more days in one school term with one employer, who shall be  
16 deemed the last employer for purposes of this Section. The last  
17 day of teaching with that employer must be within 6 months of  
18 the date of application for retirement. All substitute teaching  
19 credit applied toward the required 85 days must be earned after  
20 June 30, 1990.

21 The one-time member and employer contributions shall be a  
22 percentage of the retiring member's highest annual salary rate  
23 used in the determination of the average salary for retirement  
24 annuity purposes. However, when determining the one-time  
25 member and employer contributions, that part of a member's

26 salary with the same employer which exceeds the annual salary

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1 rate for the preceding year by more than 20% shall be excluded.  
2 The member contribution shall be at the rate of 11.5% for the  
3 lesser of the following 2 periods: (1) for each year that the  
4 member is less than age 60; or (2) for each year that the  
5 member's creditable service is less than 35 years. The employer  
6 contribution shall be at the rate of 23.5% for each year the  
7 member is under age 60.

8 Upon receipt of the application and election, the System  
9 shall determine the one-time employee and employer  
10 contributions required. The member contribution shall be  
11 credited to the individual account of the member and the  
12 employer contribution shall be credited to the Benefit Trust  
13 Reserve. The avoidance of the reduction in retirement annuity  
14 provided under this subsection (c) is not applicable until the  
15 member's contribution, if any, has been received by the System;  
16 however, the date that contribution is received shall not be  
17 considered in determining the effective date of retirement.

18 The number of members working for a single employer who may  
19 retire under this subsection (c) in any year may be limited at  
20 the option of the employer to a specified percentage of those  
21 eligible, not less than 10%, with the right to participate to  
22 be allocated among those applying on the basis of seniority in  
23 the service of the employer.

24 For persons not qualifying for the early retirement without  
25 discount option under this subsection (c), the option is  
26 extended for 3 years under subsection (d), but subject to the

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1 changes in eligibility, conditions, and required contributions  
2 provided in that subsection.

3 (d) A member who is not eligible for the early retirement  
4 without discount option under subsection (c) may qualify for  
5 the early retirement without discount option under this  
6 subsection (d) if the member (1) retires on or after July 1,  
7 2013 and before July 1, 2016, (2) applies for a retirement  
8 annuity within 6 months of the last day of teaching for which  
9 retirement contributions were required, and (3) receives a  
10 certification of eligibility under this subsection from the  
11 member's last employer. Substitute teachers wishing to  
12 exercise this election must teach 85 or more days in one school  
13 term with one employer, who shall be deemed the last employer  
14 for purposes of this Section. The last day of teaching with  
15 that employer must be within 6 months of the date of  
16 application for retirement. All substitute teaching credit  
17 applied toward the required 85 days must be earned after June  
18 30, 1990.

19 A qualifying member may elect at the time of application  
20 for a retirement annuity to make a one-time member contribution  
21 to the System and thereby avoid the reduction in the retirement  
22 annuity for retirement before age 60 specified in paragraph (B)  
23 of Section 16-133. The exercise of this election shall also  
24 obligate the last employer to make a one-time nonrefundable  
25 contribution to the System.

26 The one-time member and employer contributions shall be a

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1 percentage of the retiring member's highest annual salary rate  
2 used in the determination of the average salary for retirement  
3 annuity purposes. However, when determining the one-time  
4 member and employer contributions, that part of a member's  
5 salary with the same employer which exceeds the annual salary  
6 rate for the preceding year by more than 20% shall be excluded.  
7 The member contribution shall be at the rate of 14.4% for the  
8 lesser of the following 2 periods: (1) for each year that the  
9 member is less than age 60; or (2) for each year that the  
10 member's creditable service is less than 35 years. The employer

11 contribution shall be at the rate of 29.3% for each year the  
 12 member is under age 60.

13 Upon receipt of the application, election, and  
 14 certification of eligibility, the System shall determine the  
 15 one-time employee and employer contributions required. The  
 16 member contribution shall be credited to the individual account  
 17 of the member and the employer contribution shall be credited  
 18 to the Benefit Trust Reserve. The avoidance of the reduction in  
 19 retirement annuity provided under this subsection (d) is not  
 20 applicable until the member's contribution has been received by  
 21 the System; however, the date that contribution is received  
 22 shall not be considered in determining the effective date of  
 23 retirement.

24 Eligibility to retire under this subsection (d) shall  
 25 require the approval of the member's last employer under this  
 26 Article, granted in accordance with criteria adopted by that

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1 employer with the mutual consent of the bargaining agent of a  
 2 majority of the members employed by that employer. If the  
 3 employer grants its approval for a member to retire under this  
 4 subsection (d), the employer shall submit a certification of  
 5 eligibility for the member in a manner prescribed by the  
 6 System.

7 The early retirement without discount option under this  
 8 subsection (d) terminates on July 1, 2016.

9 For participants to whom subsection (b) of Section 16-132  
 10 applies, the references to age 60 in this subsection are  
 11 increased as provided in subsection (b) of Section 16-132.

12 (Source: P.A. 98-42, eff. 6-28-13.)

13 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)  
 14 Sec. 16-136.1. Annual increase for certain annuitants. (a)  
 15 Any annuitant receiving a retirement annuity on June 30, 1969  
 16 and any member retiring after June 30, 1969 shall be eligible  
 17 for the annual increases provided under this Section provided

18 the annuitant is ineligible for the automatic annual increase  
19 in annuity provided under Section 16-133.1, and provided  
20 further that (1) retirement occurred at age 55 or over and was  
21 based on 5 or more years of creditable service or (2) if  
22 retirement occurred prior to age 55, the retirement annuity was  
23 based on 20 or more years of creditable service.

24 (b) This subsection (b) is subject to subsections (b-1) and  
25 (b-2). An annuitant entitled to increases under this Section

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1 shall be entitled to the initial increase as of the later of:  
2 (1) January 1 following attainment of age 65, (2) January 1  
3 following the first anniversary of retirement, or (3) the first  
4 day of the month following receipt of the required qualifying  
5 contribution from the annuitant. The initial monthly increase  
6 shall be computed on the basis of the period elapsed between  
7 the later of the date of last retirement or attainment of age  
8 50 and the date of qualification for the initial increase, at  
9 the rate of 1 1/2% of the original monthly retirement annuity  
10 per year for periods prior to September 1, 1971, and at the  
11 rate of 2% per year for periods between September 1, 1971 and  
12 September 1, 1978, and at the rate of 3% per year for periods  
13 thereafter.

14 An annuitant who has received an initial increase under  
15 this Section, shall be entitled, on each January 1 following  
16 the granting of the initial increase, to an increase of 3% of  
17 the original monthly retirement annuity for increases granted  
18 prior to January 1, 1990, and equal to 3% of the total annuity,  
19 including previous increases under this Section, for increases  
20 granted on or after January 1, 1990. The original monthly  
21 retirement annuity for computations under this subsection (b)  
22 shall be considered to be \$83.34 for any annuitant entitled to  
23 benefits under Section 16-134. The minimum original disability  
24 retirement annuity for computations under this subsection (b)  
25 shall be considered to be \$33.34 per month for any annuitant  
26 retired on account of disability.

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1       (b-1) Notwithstanding subsection (b), but subject to the  
2 provisions of subsection (b-2), all automatic increases  
3 payable under subsection (b) on or after the effective date of  
4 this amendatory Act of the 98th General Assembly shall be  
5 calculated as 3% of the lesser of (1) the total annuity payable  
6 at the time of the increase, including previous increases  
7 granted, or (2) \$1,000 multiplied by the number of years of  
8 creditable service upon which the annuity is based; however, in  
9 the case of an initial increase under subsection (b) that is  
10 subject to this subsection, if more than one year has elapsed  
11 from the date of retirement to the effective date of the  
12 initial increase under this Section, the applicable percentage  
13 shall be the sum of the percentages for each such elapsed year.

14       Beginning January 1, 2016, the \$1,000 referred to in item  
15 (2) of this subsection (b-1) shall be increased on each January  
16 1 by the annual unadjusted percentage increase (but not less  
17 than zero) in the consumer price index-u for the 12 months  
18 ending with the preceding September; these adjustments shall be  
19 cumulative and compounded. For the purposes of this subsection  
20 (b-1), "consumer price index-u" means the index published by  
21 the Bureau of Labor Statistics of the United States Department  
22 of Labor that measures the average change in prices of goods  
23 and services purchased by all urban consumers, United States  
24 city average, all items, 1982-84 = 100. The new dollar amount  
25 resulting from each annual adjustment shall be determined by  
26 the Public Pension Division of the Department of Insurance and

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1 made available to the System by November 1 of each year.

2       This subsection (b-1) is applicable without regard to  
3 whether the person is in service on or after the effective date



4 of this amendatory Act of the 98th General Assembly.

5 (b-2) Notwithstanding subsections (b) and (b-1), for an  
6 active or inactive Tier 1 member who is subject to this Section  
7 and has not begun to receive a retirement annuity under this  
8 Article before July 1, 2014:

9 (1) the second automatic annual increase payable under  
10 subsection (b) shall be at the rate of 0% of the total  
11 annuity payable at the time of the increase if he or she is  
12 at least age 50 on the effective date of this amendatory  
13 Act;

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

19 (3) the second, fourth, sixth, and eighth automatic  
20 annual increases payable under subsection (b) shall be at  
21 the rate of 0% of the total annuity payable at the time of  
22 the increase if he or she is at least age 44 but less than  
23 age 47 on the effective date of this amendatory Act; and

24 (4) the second, fourth, sixth, eighth, and tenth  
25 automatic annual increases payable under subsection (b)  
26 shall be at the rate of 0% of the total annuity payable at

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1 the time of the increase if he or she is less than age 44 on  
2 the effective date of this amendatory Act.

3 For the purposes of Section 1-103.1, this subsection (b-2)  
4 is applicable without regard to whether the person is in  
5 service on or after the effective date of this amendatory Act  
6 of the 98th General Assembly.

7 (c) An annuitant who otherwise qualifies for annual  
8 increases under this Section must make a one-time payment of 1%  
9 of the monthly final average salary for each full year of the  
10 creditable service forming the basis of the retirement annuity  
11 or, if the retirement annuity was not computed using final

12 average salary, 1% of the original monthly retirement annuity  
 13 for each full year of service forming the basis of the  
 14 retirement annuity.

15 (d) In addition to other increases which may be provided by  
 16 this Section, regardless of creditable service, annuitants not  
 17 meeting the service requirements of Section 16-133.1 and whose  
 18 retirement annuity began on or before January 1, 1971 shall  
 19 receive, on January 1, 1981, an increase in the retirement  
 20 annuity then being paid of one dollar per month for each year  
 21 of creditable service forming the basis of the retirement  
 22 allowance. On January 1, 1982, annuitants whose retirement  
 23 annuity began on or before January 1, 1977, shall receive an  
 24 increase in the retirement annuity then being paid of one  
 25 dollar per month for each year of creditable service.

26 On January 1, 1987, any annuitant whose retirement annuity

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1 began on or before January 1, 1977, shall receive an increase  
 2 in the monthly retirement annuity equal to 8¢ per year of  
 3 creditable service times the number of years that have elapsed  
 4 since the annuity began.

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

6 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)  
 7 Sec. 16-152. Contributions by members.

8 (a) Except as provided in subsection (a-5), each ~~Each~~  
 9 member shall make contributions for membership service to this  
 10 System as follows:

11 (1) Effective July 1, 1998, contributions of 7.50% of  
 12 salary towards the cost of the retirement annuity. Such  
 13 contributions shall be deemed "normal contributions".

14 (2) Effective July 1, 1969 and, in the case of Tier 1  
 15 members, ending on June 30, 2014, contributions of 1/2 of  
 16 1% of salary toward the cost of the automatic annual  
 17 increase in retirement annuity provided under Section  
 18 16-133.1.

19 (3) Effective July 24, 1959, contributions of 1% of  
20 salary towards the cost of survivor benefits. Such  
21 contributions shall not be credited to the individual  
22 account of the member and shall not be subject to refund  
23 except as provided under Section 16-143.2.

24 (4) Effective July 1, 2005, contributions of 0.40% of  
25 salary toward the cost of the early retirement without

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1 discount option provided under Section 16-133.2. This  
2 contribution shall cease upon termination of the early  
3 retirement without discount option as provided in Section  
4 16-133.2.

5 (a-5) Beginning July 1, 2014, in lieu of the contribution  
6 otherwise required under paragraph (1) of subsection (a), each  
7 Tier 1 member shall contribute 7% of salary towards the cost of  
8 the retirement annuity. Contributions made pursuant to this  
9 subsection (a-5) shall be deemed "normal contributions".

10 (b) The minimum required contribution for any year of  
11 full-time teaching service shall be \$192.

12 (c) Contributions shall not be required of any annuitant  
13 receiving a retirement annuity who is given employment as  
14 permitted under Section 16-118 or 16-150.1.

15 (d) A person who (i) was a member before July 1, 1998, (ii)  
16 retires with more than 34 years of creditable service, and  
17 (iii) does not elect to qualify for the augmented rate under  
18 Section 16-129.1 shall be entitled, at the time of retirement,  
19 to receive a partial refund of contributions made under this  
20 Section for service occurring after the later of June 30, 1998  
21 or attainment of 34 years of creditable service, in an amount  
22 equal to 1.00% of the salary upon which those contributions  
23 were based.

24 (e) A member's contributions toward the cost of early  
25 retirement without discount made under item (a)(4) of this  
26 Section shall not be refunded if the member has elected early

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1 retirement without discount under Section 16-133.2 and has  
2 begun to receive a retirement annuity under this Article  
3 calculated in accordance with that election. Otherwise, a  
4 member's contributions toward the cost of early retirement  
5 without discount made under item (a) (4) of this Section shall  
6 be refunded according to whichever one of the following  
7 circumstances occurs first:

8 (1) The contributions shall be refunded to the member,  
9 without interest, within 120 days after the member's  
10 retirement annuity commences, if the member does not elect  
11 early retirement without discount under Section 16-133.2.

12 (2) The contributions shall be included, without  
13 interest, in any refund claimed by the member under Section  
14 16-151.

15 (3) The contributions shall be refunded to the member's  
16 designated beneficiary (or if there is no beneficiary, to  
17 the member's estate), without interest, if the member dies  
18 without having begun to receive a retirement annuity under  
19 this Article.

20 (4) The contributions shall be refunded to the member,  
21 without interest, if the early retirement without discount  
22 option provided under subsection (d) of Section 16-133.2 is  
23 terminated. In that event, the System shall provide to the  
24 member, within 120 days after the option is terminated, an  
25 application for a refund of those contributions.

26 (Source: P.A. 98-42, eff. 6-28-13; 98-92, eff. 7-16-13; revised

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1 7-23-13.)

2 (40 ILCS 5/16-152.5 new)

3 Sec. 16-152.5. Use of contributions for health care  
4 subsidies. The System shall not use any contribution received

5 by the System under this Article to provide a subsidy for the  
6 cost of participation in a retiree health care program.

7 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)  
8 Sec. 16-158. Contributions by State and other employing  
9 units.

10 (a) The State shall make contributions to the System by  
11 means of appropriations from the Common School Fund and other  
12 State funds of amounts which, together with other employer  
13 contributions, employee contributions, investment income, and  
14 other income, will be sufficient to meet the cost of  
15 maintaining and administering the System on a 100% ~~90%~~ funded  
16 basis in accordance with actuarial recommendations by the end  
17 of State fiscal year 2044.

18 The Board shall determine the amount of State contributions  
19 required for each fiscal year on the basis of the actuarial  
20 tables and other assumptions adopted by the Board and the  
21 recommendations of the actuary, using the formula in subsection  
22 (b-3).

23 (a-1) Annually, on or before November 15 ~~through until~~  
24 November 15, 2011, the Board shall certify to the Governor the

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1 amount of the required State contribution for the coming fiscal  
2 year. The certification under this subsection (a-1) shall  
3 include a copy of the actuarial recommendations upon which it  
4 is based ~~and shall specifically identify the System's projected~~  
5 ~~State normal cost for that fiscal year.~~

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

12 On or before July 1, 2005, the Board shall recalculate and  
13 recertify to the Governor the amount of the required State

14 contribution to the System for State fiscal year 2006, taking  
15 into account the changes in required State contributions made  
16 by this amendatory Act of the 94th General Assembly.

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

23 (a-5) On or before November 1 of each year, beginning  
24 November 1, 2012, the Board shall submit to the State Actuary,  
25 the Governor, and the General Assembly a proposed certification  
26 of the amount of the required State contribution to the System

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1 for the next fiscal year, along with all of the actuarial  
2 assumptions, calculations, and data upon which that proposed  
3 certification is based. On or before January 1 of each year,  
4 beginning January 1, 2013, the State Actuary shall issue a  
5 preliminary report concerning the proposed certification and  
6 identifying, if necessary, recommended changes in actuarial  
7 assumptions that the Board must consider before finalizing its  
8 certification of the required State contributions.

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

21 (a-10) For purposes of Section (c-5) of Section 20 of the

22 Budget Stabilization Act, on or before November 1 of each year  
23 beginning November 1, 2014, the Board shall determine the  
24 amount of the State contribution to the System that would have  
25 been required for the next fiscal year if this amendatory Act  
26 of the 98th General Assembly had not taken effect, using the

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

22 (b) Through State fiscal year 1995, the State contributions  
23 shall be paid to the System in accordance with Section 18-7 of  
24 the School Code.

25 (b-1) Beginning in State fiscal year 1996, on the 15th day  
26 of each month, or as soon thereafter as may be practicable, the

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1 Board shall submit vouchers for payment of State contributions  
 2 to the System, in a total monthly amount of one-twelfth of the  
 3 required annual State contribution certified under subsection  
 4 (a-1). From the effective date of this amendatory Act of the  
 5 93rd General Assembly through June 30, 2004, the Board shall  
 6 not submit vouchers for the remainder of fiscal year 2004 in  
 7 excess 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 (a) of Section  
 10 6z-61 of the State Finance Act. These vouchers shall be paid by  
 11 the State Comptroller and Treasurer by warrants drawn on the  
 12 funds appropriated to the System for that fiscal year.

13 If in any month the amount remaining unexpended from all  
 14 other appropriations to the System for the applicable fiscal  
 15 year (including the appropriations to the System under Section  
 16 8.12 of the State Finance Act and Section 1 of the State  
 17 Pension Funds Continuing Appropriation Act) is less than the  
 18 amount lawfully vouchered under this subsection, the  
 19 difference shall be paid from the Common School Fund under the  
 20 continuing appropriation authority provided in Section 1.1 of  
 21 the State Pension Funds Continuing Appropriation Act.

22 (b-2) Allocations from the Common School Fund apportioned  
 23 to school districts not coming under this System shall not be  
 24 diminished or affected by the provisions of this Article.

25 (b-3) For State fiscal years 2015 through 2044, the minimum  
 26 contribution to the System to be made by the State for each

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1 fiscal year shall be an amount determined by the System to be  
 2 equal to the sum of (1) the State's portion of the projected  
 3 normal cost for that fiscal year, plus (2) an amount sufficient  
 4 to bring the total assets of the System up to 100% of the total  
 5 actuarial liabilities of the System by the end of State fiscal  
 6 year 2044. In making these determinations, the required State



7 contribution shall be calculated each year as a level  
8 percentage of payroll over the years remaining to and including  
9 fiscal year 2044 and shall be determined under the projected  
10 unit cost method for fiscal year 2015 and under the entry age  
11 normal actuarial cost method for fiscal years 2016 through  
12 2044.

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

23 For State fiscal years 1996 through 2005, the State  
24 contribution to the System, as a percentage of the applicable  
25 employee payroll, shall be increased in equal annual increments  
26 so that by State fiscal year 2011, the State is contributing at

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1 the rate required under this Section; except that in the  
2 following specified State fiscal years, the State contribution  
3 to the System shall not be less than the following indicated  
4 percentages of the applicable employee payroll, even if the  
5 indicated percentage will produce a State contribution in  
6 excess of the amount otherwise required under this subsection  
7 and subsection (a), and notwithstanding any contrary  
8 certification made under subsection (a-1) before the effective  
9 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%  
10 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
11 2003; and 13.56% in FY 2004.

12 Notwithstanding any other provision of this Article, the  
13 total required State contribution for State fiscal year 2006 is  
14 \$534,627,700.

15 Notwithstanding any other provision of this Article, the  
16 total required State contribution for State fiscal year 2007 is  
17 \$738,014,500.

18 For each of State fiscal years 2008 through 2009, the State  
19 contribution to the System, as a percentage of the applicable  
20 employee payroll, shall be increased in equal annual increments  
21 from the required State contribution for State fiscal year  
22 2007, so that by State fiscal year 2011, the State is  
23 contributing at the rate otherwise required under this Section.

24 Notwithstanding any other provision of this Article, the  
25 total required State contribution for State fiscal year 2010 is  
26 \$2,089,268,000 and shall be made from the proceeds of bonds

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1 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
2 Obligation Bond Act, less (i) the pro rata share of bond sale  
3 expenses determined by the System's share of total bond  
4 proceeds, (ii) any amounts received from the Common School Fund  
5 in fiscal year 2010, and (iii) any reduction in bond proceeds  
6 due to the issuance of discounted bonds, if applicable.

7 Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2011 is  
9 the amount recertified by the System on or before April 1, 2011  
10 pursuant to subsection (a-1) of this Section and shall be made  
11 from the proceeds of bonds sold in fiscal year 2011 pursuant to  
12 Section 7.2 of the General Obligation Bond Act, less (i) the  
13 pro rata share of bond sale expenses determined by the System's  
14 share of total bond proceeds, (ii) any amounts received from  
15 the Common School Fund in fiscal year 2011, and (iii) any  
16 reduction in bond proceeds due to the issuance of discounted  
17 bonds, if applicable. This amount shall include, in addition to  
18 the amount certified by the System, an amount necessary to meet  
19 employer contributions required by the State as an employer  
20 under paragraph (e) of this Section, which may also be used by  
21 the System for contributions required by paragraph (a) of  
22 Section 16-127.

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

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

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

17 Notwithstanding any other provision of this Section, the  
18 required State contribution for State fiscal year 2005 and for  
19 fiscal year 2008 and each fiscal year thereafter through State  
20 fiscal year 2014, as calculated under this Section and  
21 certified under subsection (a-1), shall not exceed an amount  
22 equal to (i) the amount of the required State contribution that  
23 would have been calculated under this Section for that fiscal  
24 year if the System had not received any payments under  
25 subsection (d) of Section 7.2 of the General Obligation Bond  
26 Act, minus (ii) the portion of the State's total debt service

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

16 (c) Payment of the required State contributions and of all  
17 pensions, retirement annuities, death benefits, refunds, and  
18 other benefits granted under or assumed by this System, and all  
19 expenses in connection with the administration and operation  
20 thereof, are obligations of the State.

21 If members are paid from special trust or federal funds  
22 which are administered by the employing unit, whether school  
23 district or other unit, the employing unit shall pay to the  
24 System from such funds the full accruing retirement costs based  
25 upon that service, as determined by the System. Employer  
26 contributions, based on salary paid to members from federal

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1 funds, may be forwarded by the distributing agency of the State  
2 of Illinois to the System prior to allocation, in an amount  
3 determined in accordance with guidelines established by such  
4 agency and the System.

5 (d) Effective July 1, 1986, any employer of a teacher as  
6 defined in paragraph (8) of Section 16-106 shall pay the  
7 employer's normal cost of benefits based upon the teacher's

8 service, in addition to employee contributions, as determined  
9 by the System. Such employer contributions shall be forwarded  
10 monthly in accordance with guidelines established by the  
11 System.

12 However, with respect to benefits granted under Section  
13 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
14 of Section 16-106, the employer's contribution shall be 12%  
15 (rather than 20%) of the member's highest annual salary rate  
16 for each year of creditable service granted, and the employer  
17 shall also pay the required employee contribution on behalf of  
18 the teacher. For the purposes of Sections 16-133.4 and  
19 16-133.5, a teacher as defined in paragraph (8) of Section  
20 16-106 who is serving in that capacity while on leave of  
21 absence from another employer under this Article shall not be  
22 considered an employee of the employer from which the teacher  
23 is on leave.

24 (e) Beginning July 1, 1998, every employer of a teacher  
25 shall pay to the System an employer contribution computed as  
26 follows:

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1 (1) Beginning July 1, 1998 through June 30, 1999, the  
2 employer contribution shall be equal to 0.3% of each  
3 teacher's salary.

4 (2) Beginning July 1, 1999 and thereafter, the employer  
5 contribution shall be equal to 0.58% of each teacher's  
6 salary.

7 The school district or other employing unit may pay these  
8 employer contributions out of any source of funding available  
9 for that purpose and shall forward the contributions to the  
10 System on the schedule established for the payment of member  
11 contributions.

12 These employer contributions are intended to offset a  
13 portion of the cost to the System of the increases in  
14 retirement benefits resulting from this amendatory Act of 1998.

15 Each employer of teachers is entitled to a credit against

16 the contributions required under this subsection (e) with  
17 respect to salaries paid to teachers for the period January 1,  
18 2002 through June 30, 2003, equal to the amount paid by that  
19 employer under subsection (a-5) of Section 6.6 of the State  
20 Employees Group Insurance Act of 1971 with respect to salaries  
21 paid to teachers for that period.

22 The additional 1% employee contribution required under  
23 Section 16-152 by this amendatory Act of 1998 is the  
24 responsibility of the teacher and not the teacher's employer,  
25 unless the employer agrees, through collective bargaining or  
26 otherwise, to make the contribution on behalf of the teacher.

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1 If an employer is required by a contract in effect on May  
2 1, 1998 between the employer and an employee organization to  
3 pay, on behalf of all its full-time employees covered by this  
4 Article, all mandatory employee contributions required under  
5 this Article, then the employer shall be excused from paying  
6 the employer contribution required under this subsection (e)  
7 for the balance of the term of that contract. The employer and  
8 the employee organization shall jointly certify to the System  
9 the existence of the contractual requirement, in such form as  
10 the System may prescribe. This exclusion shall cease upon the  
11 termination, extension, or renewal of the contract at any time  
12 after May 1, 1998.

13 (f) If the amount of a teacher's salary for any school year  
14 used to determine final average salary exceeds the member's  
15 annual full-time salary rate with the same employer for the  
16 previous school year by more than 6%, the teacher's employer  
17 shall pay to the System, in addition to all other payments  
18 required under this Section and in accordance with guidelines  
19 established by the System, the present value of the increase in  
20 benefits resulting from the portion of the increase in salary  
21 that is in excess of 6%. This present value shall be computed  
22 by the System on the basis of the actuarial assumptions and  
23 tables used in the most recent actuarial valuation of the

24 System that is available at the time of the computation. If a  
25 teacher's salary for the 2005-2006 school year is used to  
26 determine final average salary under this subsection (f), then

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1 the changes made to this subsection (f) by Public Act 94-1057  
2 shall apply in calculating whether the increase in his or her  
3 salary is in excess of 6%. For the purposes of this Section,  
4 change in employment under Section 10-21.12 of the School Code  
5 on or after June 1, 2005 shall constitute a change in employer.  
6 The System may require the employer to provide any pertinent  
7 information or documentation. The changes made to this  
8 subsection (f) by this amendatory Act of the 94th General  
9 Assembly apply without regard to whether the teacher was in  
10 service on or after its effective date.

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

26 The employer contributions required under this subsection

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

9 (g) This subsection (g) applies only to payments made or  
10 salary increases given on or after June 1, 2005 but before July  
11 1, 2011. The changes made by Public Act 94-1057 shall not  
12 require the System to refund any payments received before July  
13 31, 2006 (the effective date of Public Act 94-1057).

14 When assessing payment for any amount due under subsection  
15 (f), the System shall exclude salary increases paid to teachers  
16 under contracts or collective bargaining agreements entered  
17 into, amended, or renewed before June 1, 2005.

18 When assessing payment for any amount due under subsection  
19 (f), the System shall exclude salary increases paid to a  
20 teacher at a time when the teacher is 10 or more years from  
21 retirement eligibility under Section 16-132 or 16-133.2.

22 When assessing payment for any amount due under subsection  
23 (f), the System shall exclude salary increases resulting from  
24 overload work, including summer school, when the school  
25 district has certified to the System, and the System has  
26 approved the certification, that (i) the overload work is for

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1 the sole purpose of classroom instruction in excess of the  
2 standard number of classes for a full-time teacher in a school  
3 district during a school year and (ii) the salary increases are  
4 equal to or less than the rate of pay for classroom instruction  
5 computed on the teacher's current salary and work schedule.

6 When assessing payment for any amount due under subsection  
7 (f), the System shall exclude a salary increase resulting from  
8 a promotion (i) for which the employee is required to hold a



9 certificate or supervisory endorsement issued by the State  
10 Teacher Certification Board that is a different certification  
11 or supervisory endorsement than is required for the teacher's  
12 previous position and (ii) to a position that has existed and  
13 been filled by a member for no less than one complete academic  
14 year and the salary increase from the promotion is an increase  
15 that results in an amount no greater than the lesser of the  
16 average salary paid for other similar positions in the district  
17 requiring the same certification or the amount stipulated in  
18 the collective bargaining agreement for a similar position  
19 requiring the same certification.

20 When assessing payment for any amount due under subsection  
21 (f), the System shall exclude any payment to the teacher from  
22 the State of Illinois or the State Board of Education over  
23 which the employer does not have discretion, notwithstanding  
24 that the payment is included in the computation of final  
25 average salary.

26 (h) When assessing payment for any amount due under

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1 subsection (f), the System shall exclude any salary increase  
2 described in subsection (g) 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 (f) of this Section.

10 (i) 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 (j) For purposes of determining the required State  
26 contribution to the System, the value of the System's assets

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1 shall be equal to the actuarial value of the System's assets,  
2 which shall be calculated as follows:

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

10 (k) For purposes of determining the required State  
11 contribution to the system for a particular year, the actuarial  
12 value of assets shall be assumed to earn a rate of return equal  
13 to the system's actuarially assumed rate of return.

14 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
15 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.  
16 6-18-12; 97-813, eff. 7-13-12.)

17 (40 ILCS 5/16-158.2 new)

18 Sec. 16-158.2. Obligations of State; funding guarantee.

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

24 provision of law, if the State fails to pay an amount required  
25 under this subsection, it shall be the obligation of the Board

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1 to seek payment of the required amount in compliance with the  
2 provisions of this Section and, if the amount remains unpaid,  
3 to bring a mandamus action in the Supreme Court of Illinois to  
4 compel the State to make the required payment.

5 If the System submits a voucher for contributions required  
6 under Section 16-158 and the State fails to pay that voucher  
7 within 90 days of its receipt, 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 amount remains unpaid the Board shall commence a  
14 mandamus action in the Supreme Court of Illinois to compel the  
15 Comptroller to satisfy the voucher.

16 This subsection (a) constitutes an express waiver of the  
17 State's sovereign immunity solely to the extent that it permits  
18 the Board to commence a mandamus action in the Supreme Court of  
19 Illinois to compel the Comptroller to pay a voucher for the  
20 contributions required under Section 16-158.

21 (b) Beginning in State fiscal year 2016, the State shall be  
22 obligated to make the transfers set forth in subsections (c-5)  
23 and (c-10) of Section 20 of the Budget Stabilization Act and to  
24 pay to the System its proportionate share of the transferred  
25 amounts in accordance with Section 25 of the Budget  
26 Stabilization Act. Notwithstanding any other provision of law,

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1 if the State fails to transfer an amount required under this  
2

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

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

26 This subsection (b) constitutes an express waiver of the  
State's sovereign immunity solely to the extent that it permits

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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 subsection (c-5) or (c-10) 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 (b) expire when  
8 all of the requirements of subsections (c-5) and (c-10) of  
9 Section 20 of the Budget Stabilization Act and Section 25 of

10 the Budget Stabilization Act have been met.

11 (c) Any payments and transfers required to be made by the  
 12 State pursuant to subsection (a) or (b) 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 include 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 (40 ILCS 5/16-203)

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1 Sec. 16-203. Application and expiration of new benefit  
 2 increases.

3 (a) As used in this Section, "new benefit increase" means  
 4 an increase in the amount of any benefit provided under this  
 5 Article, or an expansion of the conditions of eligibility for  
 6 any benefit under this Article, that results from an amendment  
 7 to this Code that takes effect after June 1, 2005 (the  
 8 effective date of Public Act 94-4). "New benefit increase",  
 9 however, does not include any benefit increase resulting from  
 10 the changes made to this Article by Public Act 95-910 or by  
 11 this amendatory Act of the 98th ~~95th~~ General Assembly.

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

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

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

21 Every new benefit increase is contingent upon the General  
22 Assembly providing the additional funding required under this  
23 subsection. The Commission on Government Forecasting and  
24 Accountability shall analyze whether adequate additional  
25 funding has been provided for the new benefit increase and  
26 shall report its analysis to the Public Pension Division of the

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

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

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

26 benefit increase was in effect.

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1 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

2 (40 ILCS 5/16-205 new)

3 Sec. 16-205. Defined contribution plan.

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

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

17 (1) Under the defined contribution plan, an active Tier  
18 1 member of this System could elect to cease accruing  
19 benefits in the defined benefit plan under this Article and  
20 begin accruing benefits for future service in the defined  
21 contribution plan. Service credit under the defined  
22 contribution plan may be used for determining retirement  
23 eligibility under the defined benefit plan. An active Tier  
24 1 member who elects to cease accruing benefits in his or  
25 her defined benefit plan shall be prohibited from

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1 purchasing service credit on or after the date of his or  
2 her election. A Tier 1 member making the irrevocable  
3 election provided under this Section shall not receive

4 interest accruals to his or her benefit under paragraph (A)  
5 of subsection (a) of Section 16-133 on or after the date of  
6 his or her election.

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

11 (3) State contributions shall be paid into the accounts  
12 of all participants in the defined contribution plan at a  
13 uniform rate, expressed as a percentage of salary and  
14 determined for each year. This rate shall be no higher than  
15 the employer's normal cost for Tier 1 members in the  
16 defined benefit plan for that year, as determined by the  
17 System and expressed as a percentage of salary, and shall  
18 be no lower than 0% of salary. The State shall adjust this  
19 rate annually.

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

25 (5) The defined contribution plan may provide for  
26 participants in the plan to be eligible for the defined

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1 disability benefits available to other participants under  
2 this Article. If it does, the System shall reduce the  
3 employee contributions credited to the member's defined  
4 contribution plan account by an amount determined by the  
5 System to cover the cost of offering such benefits.

6 (6) The defined contribution plan shall provide a  
7 variety of options for investments. These options shall  
8 include investments in a fund created by the System and  
9 managed in accordance with legal and fiduciary standards,  
10 as well as investment options otherwise available.

11 (7) The defined contribution plan shall provide a



12 variety of options for payouts to retirees and their  
13 survivors.

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

19 (9) The System shall reduce the employee contributions  
20 credited to the member's defined contribution plan account  
21 by an amount determined by the System to cover the cost of  
22 offering these benefits and any applicable administrative  
23 fees.

24 (b) Only persons who are active Tier 1 members of the  
25 System on the effective date of this Section are eligible to  
26 participate in the defined contribution plan. Participation in

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1 the defined contribution plan shall be limited to the first 5%  
2 of eligible persons who elect to participate. The election to  
3 participate in the defined contribution plan is voluntary and  
4 irrevocable.

5 (c) An eligible Tier 1 employee may irrevocably elect to  
6 participate in the defined contribution plan by filing with the  
7 System a written application to participate that is received by  
8 the System prior to its determination that 5% of eligible  
9 persons have elected to participate in the defined contribution  
10 plan.

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

16 (d) The System shall make a good faith effort to contact  
17 each active Tier 1 member who is eligible to participate in the  
18 defined contribution plan. The System shall mail information  
19 describing the option to join the defined contribution plan to

20 each of these employees to his or her last known address on  
21 file with the System. If the employee is not responsive to  
22 other means of contact, it is sufficient for the System to  
23 publish the details of the option on its website.

24 Upon request for further information describing the  
25 option, the System shall provide employees with information  
26 from the System before exercising the option to join the plan,

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1 including information on the impact to their vested benefits or  
2 non-vested service. The individual consultation shall include  
3 projections of the member's defined benefits at retirement or  
4 earlier termination of service and the value of the member's  
5 account at retirement or earlier termination of service. The  
6 System shall not provide advice or counseling with respect to  
7 whether the employee should exercise the option. The System  
8 shall inform Tier 1 employees who are eligible to participate  
9 in the defined contribution plan that they may also wish to  
10 obtain information and counsel relating to their option from  
11 any other available source, including but not limited to labor  
12 organizations, private counsel, and financial advisors.

13 (e) In no event shall the System, its staff, its authorized  
14 representatives, or the Board be liable for any information  
15 given to an employee under this Section. The System may  
16 coordinate with the Illinois Department of Central Management  
17 Services and other retirement systems administering a defined  
18 contribution plan in accordance with this amendatory Act of the  
19 98th General Assembly to provide information concerning the  
20 impact of the option set forth in this Section.

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

25 (g) The System shall report on its progress under this  
26 Section, including the available details of the defined

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1 contribution plan and the System's plans for informing eligible  
 2 Tier 1 members about the plan, to the Governor and the General  
 3 Assembly on or before January 15, 2015.

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

10 (40 ILCS 5/16-206 new)

11 Sec. 16-206. Defined contribution plan; termination. If  
 12 the defined contribution plan is terminated or becomes  
 13 inoperative pursuant to law, then each participant in the plan  
 14 shall automatically be deemed to have been a contributing Tier  
 15 1 member in the System's defined benefit plan during the time  
 16 in which he or she participated in the defined contribution  
 17 plan, and for that purpose the System shall be entitled to  
 18 recover the amounts in the participant's defined contribution  
 19 accounts.

20 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

21 Sec. 17-116. Service retirement pension.

22 (a) Each teacher having 20 years of service upon attainment  
 23 of age 55, or who thereafter attains age 55 shall be entitled  
 24 to a service retirement pension upon or after attainment of age

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1 55; and each teacher in service on or after July 1, 1971, with  
 2 5 or more but less than 20 years of service shall be entitled  
 3 to receive a service retirement pension upon or after  
 4 attainment of age 62.

5 (b) The service retirement pension for a teacher who

6 retires on or after June 25, 1971, at age 60 or over, shall be  
7 calculated as follows:

8 (1) For creditable service earned before July 1, 1998  
9 that has not been augmented under Section 17-119.1: 1.67%  
10 for each of the first 10 years of service; 1.90% for each  
11 of the next 10 years of service; 2.10% for each year of  
12 service in excess of 20 but not exceeding 30; and 2.30% for  
13 each year of service in excess of 30, based upon average  
14 salary as herein defined.

15 (2) For creditable service earned on or after July 1,  
16 1998 by a member who has at least 30 years of creditable  
17 service on July 1, 1998 and who does not elect to augment  
18 service under Section 17-119.1: 2.3% of average salary for  
19 each year of creditable service earned on or after July 1,  
20 1998.

21 (3) For all other creditable service: 2.2% of average  
22 salary for each year of creditable service.

23 (c) When computing such service retirement pensions, the  
24 following conditions shall apply:

25 1. Average salary shall consist of the average annual  
26 rate of salary for the 4 consecutive years of validated

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1 service within the last 10 years of service when such  
2 average annual rate was highest. In the determination of  
3 average salary for retirement allowance purposes, for  
4 members who commenced employment after August 31, 1979,  
5 that part of the salary for any year shall be excluded  
6 which exceeds the annual full-time salary rate for the  
7 preceding year by more than 20%. In the case of a member  
8 who commenced employment before August 31, 1979 and who  
9 receives salary during any year after September 1, 1983  
10 which exceeds the annual full time salary rate for the  
11 preceding year by more than 20%, an Employer and other  
12 employers of eligible contributors as defined in Section  
13 17-106 shall pay to the Fund an amount equal to the present

14 value of the additional service retirement pension  
15 resulting from such excess salary. The present value of the  
16 additional service retirement pension shall be computed by  
17 the Board on the basis of actuarial tables adopted by the  
18 Board. If a member elects to receive a pension from this  
19 Fund provided by Section 20-121, his salary under the State  
20 Universities Retirement System and the Teachers'  
21 Retirement System of the State of Illinois shall be  
22 considered in determining such average salary. Amounts  
23 paid after the effective date of this amendatory Act of  
24 1991 for unused vacation time earned after that effective  
25 date shall not under any circumstances be included in the  
26 calculation of average salary or the annual rate of salary

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1 for the purposes of this Article.

2 2. Proportionate credit shall be given for validated  
3 service of less than one year.

4 3. For retirement at age 60 or over the pension shall  
5 be payable at the full rate.

6 4. For separation from service below age 60 to a  
7 minimum age of 55, the pension shall be discounted at the  
8 rate of 1/2 of one per cent for each month that the age of  
9 the contributor is less than 60, but a teacher may elect to  
10 defer the effective date of pension in order to eliminate  
11 or reduce this discount. This discount shall not be  
12 applicable to any participant who has at least 34 years of  
13 service or a retirement pension of at least 74.6% of  
14 average salary on the date the retirement annuity begins.

15 5. No additional pension shall be granted for service  
16 exceeding 45 years. Beginning June 26, 1971 no pension  
17 shall exceed the greater of \$1,500 per month or 75% of  
18 average salary as herein defined.

19 6. Service retirement pensions shall begin on the  
20 effective date of resignation, retirement, the day  
21 following the close of the payroll period for which service

22 credit was validated, or the time the person resigning or  
 23 retiring attains age 55, or on a date elected by the  
 24 teacher, whichever shall be latest.

25 7. A member who is eligible to receive a retirement  
 26 pension of at least 74.6% of average salary and will attain

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1 age 55 on or before December 31 during the year which  
 2 commences on July 1 shall be deemed to attain age 55 on the  
 3 preceding June 1.

4 8. A member retiring after the effective date of this  
 5 amendatory Act of 1998 shall receive a pension equal to 75%  
 6 of average salary if the member is qualified to receive a  
 7 retirement pension equal to at least 74.6% of average  
 8 salary under this Article or as proportional annuities  
 9 under Article 20 of this Code.

10 9. In the case of a person who first becomes a  
 11 participant on or after the effective date of this  
 12 amendatory Act of the 98th General Assembly, payments for  
 13 unused sick or vacation time shall not be used in the  
 14 calculation of average salary.

15 (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

16 (40 ILCS 5/17-134) (from Ch. 108 1/2, par. 17-134)

17 Sec. 17-134. Contributions for leaves of absence; military  
 18 service; computing service. In computing service for pension  
 19 purposes the following periods of service shall stand in lieu  
 20 of a like number of years of teaching service upon payment  
 21 therefor in the manner hereinafter provided: (a) time spent on  
 22 a leave of absence granted by the employer; (b) service with  
 23 teacher or labor organizations based upon special leaves of  
 24 absence therefor granted by an Employer; (c) a maximum of 5  
 25 years spent in the military service of the United States, of

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1 which up to 2 years may have been served outside the pension  
2 period; (d) unused sick days at termination of service to a  
3 maximum of 244 days; (e) time lost due to layoff and  
4 curtailment of the school term from June 6 through June 21,  
5 1976; and (f) time spent after June 30, 1982 as a member of the  
6 Board of Education, if required to resign from an  
7 administrative or teaching position in order to qualify as a  
8 member of the Board of Education.

9 (1) For time spent on or after September 6, 1948 on  
10 sabbatical leaves of absence or sick leaves, for which  
11 salaries are paid, an Employer shall make payroll  
12 deductions at the applicable rates in effect during such  
13 periods.

14 (2) For time spent on a leave of absence granted by the  
15 employer for which no salaries are paid, teachers desiring  
16 credit therefor shall pay the required contributions at the  
17 rates in effect during such periods as though they were in  
18 teaching service. If an Employer pays salary for vacations  
19 which occur during a teacher's sick leave or maternity or  
20 paternity leave without salary, vacation pay for which the  
21 teacher would have qualified while in active service shall  
22 be considered part of the teacher's total salary for  
23 pension purposes. No more than 36 months of leave credit  
24 may be allowed any person during the entire term of  
25 service. Sabbatical leave credit shall be limited to the  
26 time the person on leave without salary under an Employer's

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1 rules is allowed to engage in an activity for which he  
2 receives salary or compensation.

3 (3) For time spent prior to September 6, 1948, on  
4 sabbatical leaves of absence or sick leaves for which  
5 salaries were paid, teachers desiring service credit  
6 therefor shall pay the required contributions at the  
7 maximum applicable rates in effect during such periods.

8 (4) For service with teacher or labor organizations  
9 authorized by special leaves of absence, for which no  
10 payroll deductions are made by an Employer, teachers  
11 desiring service credit therefor shall contribute to the  
12 Fund upon the basis of the actual salary received from such  
13 organizations at the percentage rates in effect during such  
14 periods for certified positions with such Employer. To the  
15 extent the actual salary exceeds the regular salary, which  
16 shall be defined as the salary rate, as calculated by the  
17 Board, in effect for the teacher's regular position in  
18 teaching service on September 1, 1983 or on the effective  
19 date of the leave with the organization, whichever is  
20 later, the organization shall pay to the Fund the  
21 employer's normal cost as set by the Board on the  
22 increment. Notwithstanding any other provision of this  
23 subdivision (4), teachers are only eligible for credit for  
24 service under this subdivision (4) if the special leave of  
25 absence begins before January 5, 2012 (the effective date  
26 of Public Act 97-651) ~~this amendatory Act of the 97th~~

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1 ~~General Assembly.~~

2 (5) For time spent in the military service, teachers  
3 entitled to and desiring credit therefor shall contribute  
4 the amount required for each year of service or fraction  
5 thereof at the rates in force (a) at the date of  
6 appointment, or (b) on return to teaching service as a  
7 regularly certified teacher, as the case may be; provided  
8 such rates shall not be less than \$450 per year of service.  
9 These conditions shall apply unless an Employer elects to  
10 and does pay into the Fund the amount which would have been  
11 due from such person had he been employed as a teacher  
12 during such time. In the case of credit for military  
13 service not during the pension period, the teacher must  
14 also pay to the Fund an amount determined by the Board to  
15



16 be equal to the employer's normal cost of the benefits  
17 accrued from such service, plus interest thereon at 5% per  
18 year, compounded annually, from the date of appointment to  
the date of payment.

19 The changes to this Section made by Public Act 87-795  
20 shall apply not only to persons who on or after its  
21 effective date are in service under the Fund, but also to  
22 persons whose status as a teacher terminated prior to that  
23 date, whether or not the person is an annuitant on that  
24 date. In the case of an annuitant who applies for credit  
25 allowable under this Section for a period of military  
26 service that did not immediately follow employment, and who

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1 has made the required contributions for such credit, the  
2 annuity shall be recalculated to include the additional  
3 service credit, with the increase taking effect on the date  
4 the Fund received written notification of the annuitant's  
5 intent to purchase the credit, if payment of all the  
6 required contributions is made within 60 days of such  
7 notice, or else on the first annuity payment date following  
8 the date of payment of the required contributions. In  
9 calculating the automatic annual increase for an annuity  
10 that has been recalculated under this Section, the increase  
11 attributable to the additional service allowable under  
12 this amendatory Act of 1991 shall be included in the  
13 calculation of automatic annual increases accruing after  
14 the effective date of the recalculation.

15 The total credit for military service shall not exceed  
16 5 years, except that any teacher who on July 1, 1963, had  
17 validated credit for more than 5 years of military service  
18 shall be entitled to the total amount of such credit.

19 (6) For persons who first become teachers before the  
20 effective date of this amendatory Act of the 98th General  
21 Assembly, a ~~A~~ maximum of 244 unused sick days credited to  
22 his account by an Employer on the date of termination of

23 employment. Members, upon verification of unused sick  
24 days, may add this service time to total creditable  
25 service.

26 (7) In all cases where time spent on leave is

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1 creditable and no payroll deductions therefor are made by  
2 an Employer, persons desiring service credit shall make the  
3 required contributions directly to the Fund.

4 (8) For time lost without pay due to layoff and  
5 curtailment of the school term from June 6 through June 21,  
6 1976, as provided in item (e) of the first paragraph of  
7 this Section, persons who were contributors on the days  
8 immediately preceding such layoff shall receive credit  
9 upon paying to the Fund a contribution based on the rates  
10 of compensation and employee contributions in effect at the  
11 time of such layoff, together with an additional amount  
12 equal to 12.2% of the compensation computed for such period  
13 of layoff, plus interest on the entire amount at 5% per  
14 annum from January 1, 1978 to the date of payment. If such  
15 contribution is paid, salary for pension purposes for any  
16 year in which such a layoff occurred shall include the  
17 compensation recognized for purposes of computing that  
18 contribution.

19 (9) For time spent after June 30, 1982, as a  
20 nonsalaried member of the Board of Education, if required  
21 to resign from an administrative or teaching position in  
22 order to qualify as a member of the Board of Education, an  
23 administrator or teacher desiring credit therefor shall  
24 pay the required contributions at the rates and salaries in  
25 effect during such periods as though the member were in  
26 service.

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1           Effective September 1, 1974, the interest charged for  
2 validation of service described in paragraphs (2) through (5)  
3 of this Section shall be compounded annually at a rate of 5%  
4 commencing one year after the termination of the leave or  
5 return to service.

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

7           (40 ILCS 5/20-106) (from Ch. 108 1/2, par. 20-106)

8           Sec. 20-106. Final average salary.

9           (a) "Final average salary": The average (or other) salary  
10 which is considered by a participating system in determining  
11 the amount of the retirement annuity or survivor's annuity.

12           (b) Earnings credits under all participating systems shall  
13 be considered by each system in determining final average  
14 salary, but subject to the limitations imposed by this  
15 amendatory Act of the 98th General Assembly for a participant  
16 in a defined contribution plan established under Article 2, 14,  
17 15, or 16 of this Code. In calculating a proportional  
18 retirement or survivor's annuity based on these earnings  
19 credits, the participating system shall apply any limitations  
20 on earnings for annuity purposes that are imposed by the  
21 Article governing the system.

22 (Source: P.A. 88-593, eff. 8-22-94.)

23           (40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

24           Sec. 20-121. Calculation of proportional retirement

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1 annuities.

2           (a) Upon retirement of the employee, a proportional  
3 retirement annuity shall be computed by each participating  
4 system in which pension credit has been established on the  
5 basis of pension credits under each system. The computation  
6 shall be in accordance with the formula or method prescribed by  
7 each participating system which is in effect at the date of the  
8

employee's latest withdrawal from service covered by any of the  
9 systems in which he has pension credits which he elects to have  
10 considered under this Article. However, the amount of any  
11 retirement annuity payable under the self-managed plan  
12 established under Section 15-158.2 of this Code or under the  
13 defined contribution plan established under Article 2, 14, 15,  
14 or 16 of this Code depends solely on the value of the  
15 participant's vested account balances and is not subject to any  
16 proportional adjustment under this Section.

17 (a-5) For persons who participate in a defined contribution  
18 plan established under Article 2, 14, 15, or 16 of this Code to  
19 whom the provisions of this Article apply, the pension credits  
20 established under the defined contribution plan may be  
21 considered in determining eligibility for or the amount of the  
22 defined benefit retirement annuity that is payable by any other  
23 participating system.

24 (b) Combined pension credit under all retirement systems  
25 subject to this Article shall be considered in determining  
26 whether the minimum qualification has been met and the formula

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1 or method of computation which shall be applied, except as may  
2 be otherwise provided with respect to vesting in State or  
3 employer contributions in a defined contribution plan. If a  
4 system has a step-rate formula for calculation of the  
5 retirement annuity, pension credits covering previous service  
6 which have been established under another system shall be  
7 considered in determining which range or ranges of the  
8 step-rate formula are to be applicable to the employee.

9 (c) Interest on pension credit shall continue to accumulate  
10 in accordance with the provisions of the law governing the  
11 retirement system in which the same has been established during  
12 the time an employee is in the service of another employer, on  
13 the assumption such employee, for interest purposes for pension  
14 credit, is continuing in the service covered by such retirement  
15 system.

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

17 (40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

18 Sec. 20-123. Survivor's annuity. The provisions governing  
19 a retirement annuity shall be applicable to a survivor's  
20 annuity. Appropriate credits shall be established for  
21 survivor's annuity purposes in those participating systems  
22 which provide survivor's annuities, according to the same  
23 conditions and subject to the same limitations and restrictions  
24 herein prescribed for a retirement annuity. If a participating  
25 system has no survivor's annuity benefit, or if the survivor's

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1 annuity benefit under that system is waived, pension credit  
2 established in that system shall not be considered in  
3 determining eligibility for or the amount of the survivor's  
4 annuity which may be payable by any other participating system.

5 For persons who participate in the self-managed plan  
6 established under Section 15-158.2 or the portable benefit  
7 package established under Section 15-136.4, pension credit  
8 established under Article 15 may be considered in determining  
9 eligibility for or the amount of the survivor's annuity that is  
10 payable by any other participating system, but pension credit  
11 established in any other system shall not result in any right  
12 to a survivor's annuity under the Article 15 system.

13 For persons who participate in a defined contribution plan  
14 established under Article 2, 14, 15, or 16 of this Code to whom  
15 the provisions of this Article apply, the pension credits  
16 established under the defined contribution plan may be  
17 considered in determining eligibility for or the amount of the  
18 defined benefit survivor's annuity that is payable by any other  
19 participating system, but pension credits established in any  
20 other system shall not result in any right to or increase in  
21 the value of a survivor's annuity under the defined  
22 contribution plan, which depends solely on the options chosen  
23 and the value of the participant's vested account balances and

24 is not subject to any proportional adjustment under this  
25 Section.

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

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1 (40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

2 Sec. 20-124. Maximum benefits.

3 (a) In no event shall the combined retirement or survivors  
4 annuities exceed the highest annuity which would have been  
5 payable by any participating system in which the employee has  
6 pension credits, if all of his pension credits had been  
7 validated in that system.

8 If the combined annuities should exceed the highest maximum  
9 as determined in accordance with this Section, the respective  
10 annuities shall be reduced proportionately according to the  
11 ratio which the amount of each proportional annuity bears to  
12 the aggregate of all such annuities.

13 (b) In the case of a participant in the self-managed plan  
14 established under Section 15-158.2 of this Code to whom the  
15 provisions of this Article apply:

16 (i) For purposes of calculating the combined  
17 retirement annuity and the proportionate reduction, if  
18 any, in a retirement annuity other than one payable under  
19 the self-managed plan, the amount of the Article 15  
20 retirement annuity shall be deemed to be the highest  
21 annuity to which the annuitant would have been entitled if  
22 he or she had participated in the traditional benefit  
23 package as defined in Section 15-103.1 rather than the  
24 self-managed plan.

25 (ii) For purposes of calculating the combined

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1 survivor's annuity and the proportionate reduction, if

2 any, in a survivor's annuity other than one payable under  
3 the self-managed plan, the amount of the Article 15  
4 survivor's annuity shall be deemed to be the highest  
5 survivor's annuity to which the survivor would have been  
6 entitled if the deceased employee had participated in the  
7 traditional benefit package as defined in Section 15-103.1  
8 rather than the self-managed plan.

9 (iii) Benefits payable under the self-managed plan are  
10 not subject to proportionate reduction under this Section.

11 (c) In the case of a participant in a defined contribution  
12 plan established under Article 2, 14, 15, or 16 of this Code to  
13 whom the provisions of this Article apply:

14 (i) For purposes of calculating the combined  
15 retirement annuity and the proportionate reduction, if  
16 any, in a defined benefit retirement annuity, any benefit  
17 payable under the defined contribution plan shall not be  
18 considered.

19 (ii) For purposes of calculating the combined  
20 survivor's annuity and the proportionate reduction, if  
21 any, in a defined benefit survivor's annuity, any benefit  
22 payable under the defined contribution plan shall not be  
23 considered.

24 (iii) Benefits payable under a defined contribution  
25 plan established under Article 2, 14, 15, or 16 of this  
26 Code are not subject to proportionate reduction under this

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1 Section.

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

3 (40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)  
4 Sec. 20-125. Return to employment - suspension of  
5 benefits. If a retired employee returns to employment which is  
6 covered by a system from which he is receiving a proportional  
7 annuity under this Article, his proportional annuity from all  
8 participating systems shall be suspended during the period of

9 re-employment, except that this suspension does not apply to  
10 any distributions payable under the self-managed plan  
11 established under Section 15-158.2 or under a defined  
12 contribution plan established under Article 2, 14, 15, or 16 of  
13 this Code.

14 The provisions of the Article under which such employment  
15 would be covered shall govern the determination of whether the  
16 employee has returned to employment, and if applicable the  
17 exemption of temporary employment or employment not exceeding a  
18 specified duration or frequency, for all participating systems  
19 from which the retired employee is receiving a proportional  
20 annuity under this Article, notwithstanding any contrary  
21 provisions in the other Articles governing such systems.  
22 (Source: P.A. 91-887, eff. 7-6-00.)

23 Section 20. The Illinois Educational Labor Relations Act  
24 is amended by changing Sections 4 and 17 and by adding Section

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1 10.5 as follows:

2 (115 ILCS 5/4) (from Ch. 48, par. 1704)

3 Sec. 4. Employer rights. Employers shall not be required  
4 to bargain over matters of inherent managerial policy, which  
5 shall include such areas of discretion or policy as the  
6 functions of the employer, standards of services, its overall  
7 budget, the organizational structure and selection of new  
8 employees and direction of employees. Employers, however,  
9 shall be required to bargain collectively with regard to policy  
10 matters directly affecting wages, hours and terms and  
11 conditions of employment as well as the impact thereon upon  
12 request by employee representatives, except as provided in  
13 Section 10.5. To preserve the rights of employers and exclusive  
14 representatives which have established collective bargaining  
15 relationships or negotiated collective bargaining agreements  
16 prior to the effective date of this Act, employers shall be  
17



required to bargain collectively with regard to any matter concerning wages, hours or conditions of employment about which they have bargained for and agreed to in a collective bargaining agreement prior to the effective date of this Act, except as provided in Section 10.5.

(Source: P.A. 83-1014.)

(115 ILCS 5/10.5 new)

Sec. 10.5. Duty to bargain regarding pension amendments.

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(a) Notwithstanding any provision of this Act, employers shall not be required to bargain over matters affected by the changes, the impact of changes, and the implementation of changes made to Article 14, 15, or 16 of the Illinois Pension Code, or Article 1 of that Code as it applies to those Articles, made by this amendatory Act of the 98th General Assembly, or over any other provision of Article 14, 15, or 16 of the Illinois Pension Code, or of Article 1 of that Code as it applies to those Articles, which are prohibited subjects of bargaining; nor shall the changes, the impact of changes, or the implementation of changes made to Article 14, 15, or 16 of the Illinois Pension Code, or to Article 1 of that Code as it applies to those Articles, by this amendatory Act of the 98th General Assembly or any other provision of Article 14, 15, or 16 of the Illinois Pension Code, or of Article 1 of that Code as it applies to those Articles, be subject to interest arbitration or any award issued pursuant to interest arbitration. The provisions of this Section shall not apply to an employment contract or collective bargaining agreement that is in effect on the effective date of this amendatory Act of the 98th General Assembly. However, any such contract or agreement that is subsequently modified, amended, or renewed shall be subject to the provisions of this Section. The provisions of this Section shall also not apply to the ability of an employer and employee representative to bargain

26 collectively with regard to the pick up of employee

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1 contributions pursuant to Section 14-133.1, 15-157.1, or  
 2 16-152.1 of the Illinois Pension Code.

3 (b) Nothing in this Section, however, shall be construed as  
 4 otherwise limiting any of the obligations and requirements  
 5 applicable to each employer under any of the provisions of this  
 6 Act, including, but not limited to, the requirement to bargain  
 7 collectively with regard to policy matters directly affecting  
 8 wages, hours and terms and conditions of employment as well as  
 9 the impact thereon upon request by employee representatives,  
 10 except for the matters deemed prohibited subjects of bargaining  
 11 under subsection (a) of this Section. Nothing in this Section  
 12 shall further be construed as otherwise limiting any of the  
 13 rights of employees or employee representatives under the  
 14 provisions of this Act, except for matters deemed prohibited  
 15 subjects of bargaining under subsection (a) of this Section.

16 (c) In case of any conflict between this Section and any  
 17 other provisions of this Act or any other law, the provisions  
 18 of this Section shall control.

19 (115 ILCS 5/17) (from Ch. 48, par. 1717)

20 Sec. 17. Effect on other laws. Except as provided in  
 21 Section 10.5, in ~~in~~ case of any conflict between the provisions  
 22 of this Act and any other law, executive order or  
 23 administrative regulation, the provisions of this Act shall  
 24 prevail and control. Except as provided in Section 10.5,  
 25 nothing ~~Nothing~~ in this Act shall be construed to replace or

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1 diminish the rights of employees established by Section 36d of  
 2 "An Act to create the State Universities Civil Service System",  
 3 approved May 11, 1905, as amended or modified.

4 (Source: P.A. 83-1014.)

5 Section 95. The State Mandates Act is amended by adding  
6 Section 8.37 as follows:

7 (30 ILCS 805/8.37 new)

8 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and  
9 8 of this Act, no reimbursement by the State is required for  
10 the implementation of any mandate created by this amendatory  
11 Act of the 98th General Assembly.

12 Section 97. Severability and inseverability. The  
13 provisions of this Act are severable under Section 1.31 of the  
14 Statute on Statutes, except that the changes made to Sections  
15 20 and 25 of the Budget Stabilization Act and to subsections  
16 (a), (a-1), (a-2), (b), and (d) of Section 2-119.1, subsections  
17 (d), (d-1), and (d-2) of Section 15-136, subsection (a-10) of  
18 Section 16-158, and Sections 2-124, 2-125, 2-126, 2-134, 2-165,  
19 14-114, 14-115, 14-131, 14-132, 14-133, 14-135.08, 14-155,  
20 15-155, 15-156, 15-157, 15-165, 15-200, 16-133.1, 16-136.1,  
21 16-152, 16-158, 16-158.2, 16-205, 20-106, 20-121, 20-123,  
22 20-124, and 20-125 of the Illinois Pension Code are mutually  
23 dependent and inseverable from one another but are severable

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1 from any other provision of this Act.