

1 AN ACT in relation to public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by
5 changing Sections 15-136 and 15-157 as follows:

6 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

7 Sec. 15-136. Retirement annuities - Amount. The
8 provisions of this Section 15-136 apply only to those
9 participants who are participating in the traditional benefit
10 package or the portable benefit package and do not apply to
11 participants who are participating in the self-managed plan.

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

16 Rule 1: The retirement annuity shall be 1.67% of final
17 rate of earnings for each of the first 10 years of service,
18 1.90% for each of the next 10 years of service, 2.10% for
19 each year of service in excess of 20 but not exceeding 30,
20 and 2.30% for each year in excess of 30; or for persons who
21 retire on or after January 1, 1998, 2.2% of the final rate of
22 earnings for each year of service.

23 Rule 2: The retirement annuity shall be the sum of the
24 following, determined from amounts credited to the
25 participant in accordance with the actuarial tables and the
26 prescribed rate of interest in effect at the time the
27 retirement annuity begins:

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

31 (ii) an annuity from employer contributions of an

1 amount equal to that which can be provided on an
2 actuarially equivalent basis from the accumulated normal
3 contributions made by the participant under Section
4 15-113.6 and Section 15-113.7 plus 1.4 times all other
5 accumulated normal contributions made by the participant.

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

12 The amount of a retirement annuity calculated under this
13 Rule 2 shall be computed solely on the basis of the
14 participant's accumulated normal contributions, as specified
15 in this Rule and defined in Section 15-116. Neither an
16 employee or employer contribution for early retirement under
17 Section 15-136.2 nor any other employer contribution shall be
18 used in the calculation of the amount of a retirement annuity
19 under this Rule 2.

20 This amendatory Act of the 91st General Assembly is a
21 clarification of existing law and applies to every
22 participant and annuitant without regard to whether status as
23 an employee terminates before the effective date of this
24 amendatory Act.

25 Rule 3: The retirement annuity of a participant who is
26 employed at least one-half time during the period on which
27 his or her final rate of earnings is based, shall be equal to
28 the participant's years of service not to exceed 30,
29 multiplied by (1) \$96 if the participant's final rate of
30 earnings is less than \$3,500, (2) \$108 if the final rate of
31 earnings is at least \$3,500 but less than \$4,500, (3) \$120 if
32 the final rate of earnings is at least \$4,500 but less than
33 \$5,500, (4) \$132 if the final rate of earnings is at least
34 \$5,500 but less than \$6,500, (5) \$144 if the final rate of

1 earnings is at least \$6,500 but less than \$7,500, (6) \$156 if
 2 the final rate of earnings is at least \$7,500 but less than
 3 \$8,500, (7) \$168 if the final rate of earnings is at least
 4 \$8,500 but less than \$9,500, and (8) \$180 if the final rate
 5 of earnings is \$9,500 or more, except that the annuity for
 6 those persons having made an election under Section
 7 15-154(a-1) shall be calculated and payable under the
 8 portable retirement benefit program pursuant to the
 9 provisions of Section 15-136.4.

10 Rule 4: A participant who is at least age 50 and has 25
 11 or more years of service as a police officer or firefighter,
 12 and a participant who is age 55 or over and has at least 20
 13 but less than 25 years of service as a police officer or
 14 firefighter, shall be entitled to a retirement annuity of 3%
 15 ~~2-1/4%~~ of the final rate of earnings ~~for each of the first 10~~
 16 ~~years of service as a police officer or firefighter, 2-1/2%~~
 17 ~~for each of the next 10 years of service as a police officer~~
 18 ~~or firefighter, and 2-3/4%~~ for each year of service as a
 19 police officer or firefighter ~~in excess of 20~~. The
 20 retirement annuity for all other service shall be computed
 21 under Rule 1.

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

- 24 (i) service that is performed while the person is
 25 an employee under subsection (h) of Section 15-107; and
- 26 (ii) in the case of an individual who was a
 27 participating employee employed in the fire department of
 28 the University of Illinois's Champaign-Urbana campus
 29 immediately prior to the elimination of that fire
 30 department and who immediately after the elimination of
 31 that fire department transferred to another job with the
 32 University of Illinois, service performed as an employee
 33 of the University of Illinois in a position other than
 34 police officer or firefighter, from the date of that

1 transfer until the employee's next termination of service
2 with the University of Illinois.

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

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

16 (ii) an annuity from employer contributions of an
17 amount equal to that which can be provided on an
18 actuarially equivalent basis from the accumulated normal
19 contributions made by the participant under Section
20 15-113.6 and Section 15-113.7 plus 1.4 times all other
21 accumulated normal contributions made by the participant;
22 and

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

30 In no event shall a retirement annuity under this Rule 5
31 be lower than the amount obtained by adding (1) the monthly
32 amount obtained by dividing the combined employee and
33 employer contributions made under Section 15-136.2 by the
34 System's annuity factor for the age of the participant at the

1 beginning of the annuity payment period and (2) the amount
2 equal to the participant's annuity if calculated under Rule
3 1, reduced under Section 15-136(b) as if no contributions had
4 been made under Section 15-136.2.

5 With respect to a participant who is qualified for a
6 retirement annuity under this Rule 5 whose retirement annuity
7 began before the effective date of this amendatory Act of the
8 91st General Assembly, and for whom an employee contribution
9 was made under Section 15-136.2, the System shall recalculate
10 the retirement annuity under this Rule 5 and shall pay any
11 additional amounts due in the manner provided in Section
12 15-186.1 for benefits mistakenly set too low.

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

21 The General Assembly has adopted the changes set forth in
22 Section 25 of this amendatory Act of the 91st General
23 Assembly in recognition that the decision of the Appellate
24 Court for the Fourth District in *Mattis v. State Universities
25 Retirement System et al.* might be deemed to give some right
26 to the plaintiff in that case. The changes made by Section
27 25 of this amendatory Act of the 91st General Assembly are a
28 legislative implementation of the decision of the Appellate
29 Court for the Fourth District in *Mattis v. State Universities
30 Retirement System et al.* with respect to that plaintiff.

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

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

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

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

13 (3) For that portion of a retirement annuity which
14 has been provided on account of service of the
15 participant during periods when he or she performed the
16 duties of a police officer or firefighter, if these
17 duties were performed for at least 5 years immediately
18 preceding the date the retirement annuity is to begin.

19 (c) The maximum retirement annuity provided under Rules
20 1, 2, 4, and 5 shall be the lesser of (1) the annual limit of
21 benefits as specified in Section 415 of the Internal Revenue
22 Code of 1986, as such Section may be amended from time to
23 time and as such benefit limits shall be adjusted by the
24 Commissioner of Internal Revenue, and (2) 80% of final rate
25 of earnings.

26 (d) An annuitant whose status as an employee terminates
27 after August 14, 1969 shall receive automatic increases in
28 his or her retirement annuity as follows:

29 Effective January 1 immediately following the date the
30 retirement annuity begins, the annuitant shall receive an
31 increase in his or her monthly retirement annuity of 0.125%
32 of the monthly retirement annuity provided under Rule 1, Rule
33 2, Rule 3, Rule 4, or Rule 5, contained in this Section,
34 multiplied by the number of full months which elapsed from

1 the date the retirement annuity payments began to January 1,
2 1972, plus 0.1667% of such annuity, multiplied by the number
3 of full months which elapsed from January 1, 1972, or the
4 date the retirement annuity payments began, whichever is
5 later, to January 1, 1978, plus 0.25% of such annuity
6 multiplied by the number of full months which elapsed from
7 January 1, 1978, or the date the retirement annuity payments
8 began, whichever is later, to the effective date of the
9 increase.

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

18 Beginning January 1, 1990, all automatic annual increases
19 payable under this Section shall be calculated as a
20 percentage of the total annuity payable at the time of the
21 increase, including all increases previously granted under
22 this Article.

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

26 (e) If, on January 1, 1987, or the date the retirement
27 annuity payment period begins, whichever is later, the sum of
28 the retirement annuity provided under Rule 1 or Rule 2 of
29 this Section and the automatic annual increases provided
30 under the preceding subsection or Section 15-136.1, amounts
31 to less than the retirement annuity which would be provided
32 by Rule 3, the retirement annuity shall be increased as of
33 January 1, 1987, or the date the retirement annuity payment
34 period begins, whichever is later, to the amount which would

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

9 (f) A participant is entitled to such additional annuity
10 as may be provided on an actuarially equivalent basis, by any
11 accumulated additional contributions to his or her credit.
12 However, the additional contributions made by the participant
13 toward the automatic increases in annuity provided under this
14 Section shall not be taken into account in determining the
15 amount of such additional annuity.

16 (g) If, (1) by law, a function of a governmental unit,
17 as defined by Section 20-107 of this Code, is transferred in
18 whole or in part to an employer, and (2) a participant
19 transfers employment from such governmental unit to such
20 employer within 6 months after the transfer of the function,
21 and (3) the sum of (A) the annuity payable to the participant
22 under Rule 1, 2, or 3 of this Section (B) all proportional
23 annuities payable to the participant by all other retirement
24 systems covered by Article 20, and (C) the initial primary
25 insurance amount to which the participant is entitled under
26 the Social Security Act, is less than the retirement annuity
27 which would have been payable if all of the participant's
28 pension credits validated under Section 20-109 had been
29 validated under this system, a supplemental annuity equal to
30 the difference in such amounts shall be payable to the
31 participant.

32 (h) On January 1, 1981, an annuitant who was receiving a
33 retirement annuity on or before January 1, 1971 shall have
34 his or her retirement annuity then being paid increased \$1

1 per month for each year of creditable service. On January 1,
 2 1982, an annuitant whose retirement annuity began on or
 3 before January 1, 1977, shall have his or her retirement
 4 annuity then being paid increased \$1 per month for each year
 5 of creditable service.

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

11 (Source: P.A. 91-887 (Sections 20 and 25), eff. 7-6-00;
 12 92-16, eff. 6-28-01.)

13 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

14 Sec. 15-157. Employee Contributions.

15 (a) Each participating employee shall make contributions
 16 towards the retirement benefits payable under the retirement
 17 program applicable to the employee from each payment of
 18 earnings applicable to employment under this system on and
 19 after the date of becoming a participant as follows: Prior
 20 to September 1, 1949, 3 1/2% of earnings; from September 1,
 21 1949 to August 31, 1955, 5%; from September 1, 1955 to August
 22 31, 1969, 6%; from September 1, 1969, 6 1/2%. These
 23 contributions are to be considered as normal contributions
 24 for purposes of this Article.

25 Each participant who is a police officer or firefighter
 26 shall make normal contributions of 8% through December 31,
 27 2002, 9% in 2003, 10% in 2004, and 11% in 2005 and
 28 thereafter, of each payment of earnings applicable to
 29 employment as a police officer or firefighter under this
 30 system on or after September 1, 1981, unless he or she files
 31 with the board within 60 days after the effective date of
 32 this amendatory Act of 1991 or 60 days after the board
 33 receives notice that he or she is employed as a police

1 officer or firefighter, whichever is later, a written notice
2 waiving the retirement formula provided by Rule 4 of Section
3 15-136. This waiver shall be irrevocable. If a participant
4 had met the conditions set forth in Section 15-132.1 prior to
5 the effective date of this amendatory Act of 1991 but failed
6 to make the additional normal contributions required by this
7 paragraph, he or she may elect to pay the additional
8 contributions plus compound interest at the effective rate.
9 If such payment is received by the board, the service shall
10 be considered as police officer service in calculating the
11 retirement annuity under Rule 4 of Section 15-136. While
12 performing service described in clause (i) or (ii) of Rule 4
13 of Section 15-136, a participating employee shall be deemed
14 to be employed as a firefighter for the purpose of
15 determining the rate of employee contributions under this
16 Section.

17 (b) Starting September 1, 1969, each participating
18 employee shall make additional contributions of 1/2 of 1% of
19 earnings to finance a portion of the cost of the annual
20 increases in retirement annuity provided under Section
21 15-136, except that with respect to participants in the
22 self-managed plan this additional contribution shall be used
23 to finance the benefits obtained under that retirement
24 program.

25 (c) In addition to the amounts described in subsections
26 (a) and (b) of this Section, each participating employee
27 shall make contributions of 1% of earnings applicable under
28 this system on and after August 1, 1959. The contributions
29 made under this subsection (c) shall be considered as
30 survivor's insurance contributions for purposes of this
31 Article if the employee is covered under the traditional
32 benefit package, and such contributions shall be considered
33 as additional contributions for purposes of this Article if
34 the employee is participating in the self-managed plan or has

1 elected to participate in the portable benefit package and
2 has completed the applicable one-year waiting period.
3 Contributions in excess of \$80 during any fiscal year
4 beginning before August 31, 1969 and in excess of \$120 during
5 any fiscal year thereafter until September 1, 1971 shall be
6 considered as additional contributions for purposes of this
7 Article.

8 (d) If the board by board rule so permits and subject to
9 such conditions and limitations as may be specified in its
10 rules, a participant may make other additional contributions
11 of such percentage of earnings or amounts as the participant
12 shall elect in a written notice thereof received by the
13 board.

14 (e) That fraction of a participant's total accumulated
15 normal contributions, the numerator of which is equal to the
16 number of years of service in excess of that which is
17 required to qualify for the maximum retirement annuity, and
18 the denominator of which is equal to the total service of the
19 participant, shall be considered as accumulated additional
20 contributions. The determination of the applicable maximum
21 annuity and the adjustment in contributions required by this
22 provision shall be made as of the date of the participant's
23 retirement.

24 (f) Notwithstanding the foregoing, a participating
25 employee shall not be required to make contributions under
26 this Section after the date upon which continuance of such
27 contributions would otherwise cause his or her retirement
28 annuity to exceed the maximum retirement annuity as specified
29 in clause (1) of subsection (c) of Section 15-136.

30 (g) A participating employee may make contributions for
31 the purchase of service credit under this Article.

32 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97;
33 90-448, eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff.
34 3-31-98; 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

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