

AN ACT concerning public employee benefits.

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

Article 1.

Section 1-5. The Illinois Pension Code is amended by changing Section 11-196 and by adding Section 12-162.5 as follows:

(40 ILCS 5/11-196) (from Ch. 108 1/2, par. 11-196)

Sec. 11-196. To subpoena witnesses and compel the production of records. To issue subpoenas to compel the attendance of witnesses to testify before it and to compel the production of documents and records upon any matter concerning the Fund, including, but not limited to, in conjunction with:
~~fund and allow witness fees not in excess of \$6 per day.~~

- (1) a disability claim;
- (2) an administrative review proceeding;
- (3) an attempt to obtain information to assist in the collection of sums due to the Fund;
- (4) obtaining any and all personal identifying information necessary for the administration of benefits;
- (5) the determination of the death of a benefit recipient or a potential benefit recipient; or

(6) a felony forfeiture investigation.

The fees of witnesses for attendance and travel shall be the same as the fees of witnesses before the circuit courts of this State and shall be paid by the party seeking the subpoena. The Board may apply to any circuit court in the State for an order requiring compliance with a subpoena issued under this Section. Subpoenas issued under this Section shall be subject to applicable provisions of the Code of Civil Procedure. The president or other members of the board may administer oaths to witnesses.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/12-162.5 new)

Sec. 12-162.5. To subpoena witnesses and compel the production of records. To issue subpoenas to compel the attendance of witnesses to testify before it and to compel the production of documents and records upon any matter concerning the Fund, including, but not limited to, in conjunction with:

- (1) a disability claim;
- (2) an administrative review proceeding;
- (3) an attempt to obtain information to assist in the collection of sums due to the Fund;
- (4) obtaining any and all personal identifying information necessary for the administration of benefits;
- (5) the determination of the death of a benefit recipient or a potential benefit recipient; or

(6) a felony forfeiture investigation.

The fees of witnesses for attendance and travel shall be the same as the fees of witnesses before the circuit courts of this State and shall be paid by the party seeking the subpoena. The Board may apply to any circuit court in the State for an order requiring compliance with a subpoena issued under this Section. Subpoenas issued under this Section shall be subject to applicable provisions of the Code of Civil Procedure. The president or other members of the board may administer oaths to witnesses.

Article 2.

Section 2-5. The Illinois Pension Code is amended by changing Sections 15-202, 16-204, 24-104, and 24-107 as follows:

(40 ILCS 5/15-202)

Sec. 15-202. Optional deferred compensation plan.

(a) As soon as practicable after August 10, 2018 (the effective date of Public Act 100-769), the System shall offer a deferred compensation plan that is eligible under Section 457(b) of the Internal Revenue Code of 1986, as amended, to participating employees of the System employed by employers described in Section 15-106 of this Code that qualify as eligible employers under Section 457(e)(1)(A) of the Internal

Revenue Code of 1986, as amended. Such eligible employers shall adopt the plan with an effective date no later than September 1, 2021. Participating employees may voluntarily elect to make elective deferrals to the eligible deferred compensation plan. Eligible employers may make optional employer contributions to the plan on behalf of participating employees, which contributions may be maintained, increased, reduced, or eliminated at the discretion of the employer from plan year to plan year. The plan shall collect voluntary employee and optional employer contributions into an account for each participant and shall offer investment options to the participant. The plan under this Section shall be operated in full compliance with any applicable State and federal laws, and the System shall utilize generally accepted practices in creating and maintaining the plan for the best interest of the participants. In administering the deferred compensation plan, the System shall require that the deferred compensation plan recordkeeper agree that, in performing services with respect to the deferred compensation plan, the recordkeeper: (i) will not use information received as a result of providing services with respect to the deferred compensation plan or the participants in the deferred compensation plan to solicit the participants in the deferred compensation plan for the purpose of cross-selling nonplan products and services, unless in response to a request by a participant in the deferred compensation plan; and (ii) will not promote, recommend,

endorse, or solicit participants in the deferred compensation plan to purchase any financial products or services outside of the deferred compensation plan, except that links to parts of the recordkeeper's website that are generally available to the public, are about commercial products, and may be encountered by a participant in the regular course of navigating the recordkeeper's website will not constitute a violation of this item (ii). The System may use funds from the employee and employer contributions to defray any and all costs of creating and maintaining the plan. The System shall produce an annual report on the participation in the plan and shall make the report public.

(b) The System shall automatically enroll in the eligible deferred compensation plan any employee of an eligible employer who first becomes a participating employee of the System on or after July 1, 2023 under an eligible automatic contribution arrangement that is subject to Section 414(w) of the Internal Revenue Code of 1986, as amended, and the United States Department of Treasury regulations promulgated thereunder. An employee who is automatically enrolled under this subsection (b) shall have 3% of his or her compensation, as defined by the plan, for each pay period deferred on a pre-tax basis into his or her account, subject to any contribution limits applicable to the plan. The Board may increase the default percentage of compensation deferred under this subsection (b).

An employee shall have 30 days from the date on which the System provides the notice required under Section 414(w) of the Internal Revenue Code of 1986, as amended, to elect to not participate in the eligible deferred compensation plan or to elect to increase or reduce the initial amount of elective deferrals made to the plan. In the absence of such affirmative election, the employee shall be automatically enrolled in the plan on the first day of the calendar month, or as soon as administratively practicable thereafter, following the 30th day from the date on which the System provides the required notice. An employee who has been automatically enrolled in the plan under this subsection (b) may elect, within 90 days of enrollment, to withdraw from the plan and receive a refund of amounts deferred, adjusted by applicable earnings and fees. An employee making such an election shall forfeit all employer matching contributions, if any, made with respect to such refunded elective deferrals and such forfeited amounts shall be used to defray plan expenses. Any refunded elective deferrals shall be included in the employee's gross income for the taxable year in which the refund is issued.

(c) The System may provide for one or more automatic contribution arrangements, which shall comply with all applicable Internal Revenue Service rules and regulations, in conjunction with or in lieu of the eligible automatic contribution arrangement under subsection (b), for participating employees of eligible employers whose annual

earnings are limited by application of subsection (b) of Section 15-111 of this Code. The amount of elective deferrals made for the employee each pay period under an automatic contribution arrangement shall equal the default percentage specified by resolution of the Board multiplied by the employee's compensation as defined by the plan, subject to any contribution limits applicable to the plan, and shall be made on a pre-tax basis. An employee subject to this subsection (c) shall have 30 days from the date on which the System provides written notice to the employee to elect to not participate in the eligible deferred compensation plan or to elect to increase or reduce the amount of initial elective deferrals made to the plan. In the absence of such affirmative election, the employee shall be automatically enrolled in the plan beginning the first day of the calendar month, or as soon as administratively practicable thereafter, following the 30th day from the date on which the System provides the required notice.

(d) The System may provide that the default percentage for any employee automatically enrolled in the eligible deferred compensation plan under subsection (b) or (c) be increased by a specified percentage each plan year after the plan year in which the employee is automatically enrolled in the plan. The amount of automatic annual increases in any plan year shall not exceed 1% of compensation as defined by the plan.

(e) The changes made to this Section by this amendatory

Act of the 102nd General Assembly are corrections of existing law and are intended to be retroactive to the effective date of Public Act 100-769, notwithstanding Section 1-103.1 of this Code.

(Source: P.A. 102-540, eff. 8-20-21.)

(40 ILCS 5/16-204)

Sec. 16-204. Optional defined contribution benefit. As soon as practicable after the effective date of this amendatory Act of the 100th General Assembly, the System shall offer a defined contribution benefit to active members of the System. The defined contribution benefit shall be an optional benefit to any member who chooses to participate. The defined contribution benefit shall collect optional employee and optional employer contributions into an account and shall offer investment options to the participant. The benefit under this Section shall be operated in full compliance with any applicable State and federal laws, and the System shall utilize generally accepted practices in creating and maintaining the benefit for the best interest of the participants. In administering the defined contribution benefit, the System shall require that the defined contribution benefit recordkeeper agree that, in performing services with respect to the defined contribution benefit, the recordkeeper: (i) will not use information received as a result of providing services with respect to the defined

contribution benefit or the participants in the defined contribution benefit to solicit the participants in the defined contribution benefit for the purpose of cross-selling nonplan products and services, unless in response to a request by a participant in the defined contribution benefit; and (ii) will not promote, recommend, endorse, or solicit participants in the defined contribution benefit to purchase any financial products or services outside of the defined contribution benefit, except that links to parts of the recordkeeper's website that are generally available to the public, are about commercial products, and may be encountered by a participant in the regular course of navigating the recordkeeper's website will not constitute a violation of this item (ii). The System may use funds from the employee and employer contributions to defray any and all costs of creating and maintaining the benefit. In addition, the System may use funds provided under Section 16-158 of this Code to defray any and all costs of creating and maintaining the benefit and then shall reimburse those costs from funds received from the employee and employer contributions under this Section. All employers must comply with the reporting and administrative functions established by the System and are required to implement the benefits established under this Section. The System shall produce an annual report on the participation in the benefit and shall make the report public.

As soon as is practicable on or after January 1, 2022, the

System shall automatically enroll any employee who first becomes an active member or participant in the System. A member automatically enrolled under this Section shall have 3% of his or her pre-tax gross compensation for each compensation period deferred into his or her deferred compensation account, unless the member otherwise instructs the System on forms approved by the System. A member may elect, in a manner provided for by the System, to not participate in the defined contribution benefit or to increase or reduce the amount of pre-tax gross compensation contributed, consistent with State or federal law. A member shall be automatically enrolled in the benefit beginning the first day of the pay period following the member's 30th day of employment. A member who has been automatically enrolled in the benefit may elect, within 90 days of enrollment, to withdraw from the benefit and receive a refund of amounts deferred, plus or minus any applicable earnings, investment fees, and administrative fees. Any refunded amount shall be included in the member's gross income for the taxable year in which the refund is issued.

On or after January 1, 2023, the System may elect to increase the automatic annual contributions under this Section. The increase in the rate of contribution, however, shall not exceed 2% of a member's pre-tax gross compensation per year, and at no time shall any total contribution exceed any contribution limits established by State or federal law.

(Source: P.A. 102-540, eff. 8-20-21.)

(40 ILCS 5/24-104) (from Ch. 108 1/2, par. 24-104)

Sec. 24-104. State Employees Deferred Compensation Plan.

In this Section, "Plan" means the State Employees Deferred Compensation Plan.

The Illinois State Board of Investment created under Article 22A of this Act shall develop and establish a deferred compensation plan for employees of the State which shall be known as the State Employees Deferred Compensation Plan. The Plan shall provide for the Board to review proposed investment offerings and shall require that only investments determined to be acceptable by the Board may be used for investing compensation deferred.

The Plan shall include appropriate provisions pertaining to its day to day operation providing for methods of electing to defer income, methods of changing the amount of income to be deferred, methods of selecting from among investment options available under the plan and such other provisions as may be appropriate.

In administering the Plan, the Board shall require that the Plan recordkeeper agree that, in performing services with respect to the Plan, the recordkeeper: (i) will not use information received as a result of providing services with respect to the Plan or the Plan's participants to solicit the Plan's participants for the purpose of cross-selling non-Plan products and services, unless in response to a request by a

Plan participant; and (ii) will not promote, recommend, endorse, or solicit Plan participants to purchase any financial products or services outside of the Plan, except that links to parts of the recordkeeper's website that are generally available to the public, are about commercial products, and may be encountered by a Plan participant in the regular course of navigating the recordkeeper's website will not constitute a violation of this item (ii).

The Plan shall provide for the preparation, and distribution from time to time to all eligible State employees, of pamphlets describing the Plan and outlining the options and opportunities available to State employees under the Plan.

The Plan established under this Section shall not be implemented or amended until the Board is satisfied that compensation deferred under the Plan is not subject to income tax for the year in which it is earned and that the taxation of such compensation will be deferred until the time of its distribution to the employee.

The Board shall also review and oversee the administration of the Plan.

(Source: P.A. 81-671.)

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

Sec. 24-107. Local government plans.

(a) Any unit of local government or school district may

establish for its employees a deferred compensation plan ~~program~~. Participation shall be by written agreement between each employee and the legislative authority of the unit of local government or school district providing for the deferral of such compensation and the subsequent investment and administration of such funds.

(b) Any unit of local government may establish an employer-funded money purchase retirement plan for those of its full time employees who are not eligible to participate in any pension fund or retirement system established under Articles 2 through 18 of this Code. Contributions to the plan shall be made by the unit of local government only from general purpose funds not derived from real property taxes imposed by the unit, at a rate to be determined from time to time by the unit of local government. However, the rate of employer contribution shall be (i) the same for all employees participating in the plan, and (ii) not more than 10% of the employee's salary.

Any benefits accruing to the participants in a retirement plan established under this subsection shall be protected from impairment in accordance with Article XIII, Section 5 of the Illinois Constitution. However, the unit of local government establishing such a plan may terminate it at any time, unless it has otherwise contractually agreed with its participating employees.

(c) The agency or department designated by the unit of

local government or school district to establish and administer a plan or program authorized under subsection (a) or (b) of this Section may invest the assets of the plan in investments deemed appropriate by the agency or department, including but not limited to life insurance or annuity contracts, and share or share certificate accounts of State or federal credit unions, the accounts of which are insured as required by the Illinois Credit Union Act or the Federal Credit Union Act, whichever is applicable. The payment of employer contributions to a retirement plan established under subsection (b), and investment and payment to a participant of deferred compensation and income or gain thereon, if any, shall not be construed to be prohibited uses of the general assets of the unit of local government or school district.

This Section does not limit the power or authority of any unit of local government, school district or any institution supported in whole or in part by public funds to establish and administer any other deferred compensation plans that may be authorized by law and deemed appropriate by the officials of such subdivisions or institutions.

(d) In administering the deferred compensation plans authorized under this Section, the governing board or administrators of the sponsoring unit of local government or school district shall require that the deferred compensation plan recordkeeper agree that, in performing services with respect to the deferred compensation plan, the recordkeeper:

(i) will not use information received as a result of providing services with respect to the deferred compensation plan or the deferred compensation plan's participants to solicit the participants in the deferred compensation plan for the purpose of cross-selling nonplan products and services, unless in response to a request by a participant in the deferred compensation plan; and (ii) will not promote, recommend, endorse, or solicit participants in the deferred compensation plan to purchase any financial products or services outside of the deferred compensation plan, except that links to parts of the recordkeeper's website that are generally available to the public, are about commercial products, and may be encountered by a Plan participant in the regular course of navigating the recordkeeper's website will not constitute a violation of this item (ii).

(Source: P.A. 87-794.)

Section 2-10. The University Employees Custodial Accounts Act is amended by changing Section 2 as follows:

(110 ILCS 95/2) (from Ch. 144, par. 1702)

Sec. 2. The governing board of any public institution of higher education has the power to establish a defined contribution plan to make payments to custodial accounts for investment in regulated investment company stock to provide retirement benefits as described in Section 403(b)(7) of the

Internal Revenue Code for eligible employees of such institutions. Such payments shall be made with funds made available by deductions from or reductions in salary or wages of eligible employees who authorize in writing deductions or reductions for such purpose. Such stock shall be purchased only from persons authorized to sell such stock in this State.

In administering the defined contribution plan, the governing board of any public institution of higher education shall require that the defined contribution plan recordkeeper agree that, in performing services with respect to the defined contribution plan, the recordkeeper: (i) will not use information received as a result of providing services with respect to the defined contribution plan or the participants in the defined contribution plan to solicit the participants in the defined contribution plan for the purpose of cross-selling nonplan products and services, unless in response to a request by a participant in the defined contribution plan; and (ii) will not promote, recommend, endorse, or solicit participants in the defined contribution plan to purchase any financial products or services outside of the defined contribution plan, except that links to parts of the recordkeeper's website that are generally available to the public, are about commercial products, and may be encountered by a participant in the regular course of navigating the recordkeeper's website will not constitute a violation of this item (ii). However, a public institution of higher education

may allow promotion of limited services if the public institution of higher education receives no compensation from the recordkeeper for promoting or providing such services. Such limited services may include educational, counseling, debt reduction, student loan repayment or forgiveness, or other services intended to enhance retirement savings opportunities. Such limited services may not include credit cards, life insurance, or banking products.

(Source: P.A. 83-261.)

Article 3.

Section 3-5. The Illinois Pension Code is amended by changing Section 1-167 as follows:

(40 ILCS 5/1-167)

Sec. 1-167. Prohibited disclosures. No pension fund or retirement system subject to this Code shall disclose the following information of any members or participants of any pension fund or retirement system: (1) the individual's home address (including ZIP code and county); (2) the individual's date of birth; (3) the individual's home and personal phone number; (4) the individual's personal email address; (5) personally identifying member or participant deduction information; or (6) any membership status in a labor organization or other voluntary association affiliated with a

labor organization or labor federation (including whether participants are members of such organization, the identity of such organization, whether or not participants pay or authorize the payment of any dues or moneys to such organization, and the amounts of such dues or moneys).

This Section does not apply to disclosures (i) required under the Freedom of Information Act, (ii) for purposes of conducting public operations or business, or (iii) to a labor organization or other voluntary association affiliated with a labor organization or labor federation or to the Municipal Employees Society of Chicago.

(Source: P.A. 101-620, eff. 12-20-19.)

Article 4.

Section 4-5. The Illinois Pension Code is amended by changing Section 24-105.2 as follows:

(40 ILCS 5/24-105.2)

Sec. 24-105.2. Automatic enrollment for certain employees. The Department of Central Management Services shall automatically enroll in the State Employees Deferred Compensation Plan any employee who, on or after July 1, 2020, becomes an active member or participant of a retirement system created under Article 2, 14, or 18. Any agency with employees subject to automatic enrollment must systematically provide

the employee data necessary for enrollment to the Department of Central Management Services or its designee. An employee automatically enrolled under this Section shall have 3% of his or her pre-tax gross compensation for each compensation period deferred into his or her deferred compensation account. The Board may increase the default percentage amount of compensation deferred into employee accounts.

An employee hired on or after January 1, 2024 shall be automatically enrolled in the Plan beginning the first day of the pay period following the close of the notice period, unless the employee elects otherwise within the notice period. During the notice period, an employee may elect to not participate in the Plan or to increase or reduce the amount of pre-tax gross compensation deferred. For the purposes of this Section, "notice period" means a reasonable period of time after the employee is provided with an automatic enrollment notice as required under Section 414(w) of the Internal Revenue Code of 1986, as amended. An employee who has been automatically enrolled in the Plan may elect, within 90 days after enrollment, to withdraw from the Plan and receive a refund of amounts deferred, plus or minus any applicable earnings, investment fees, and administrative fees. An employee making such an election shall forfeit all employer matching contributions, if any, made prior to the election. Any refunded amount shall be included in the employee's gross income for the taxable year in which the refund is issued.

An employee hired on or after July 1, 2020 and before January 1, 2024 shall have 30 days from the start date of employment to elect to not participate in the deferred compensation plan or to elect to increase or reduce the amount of pre-tax gross compensation deferred. An employee shall be automatically enrolled in the Plan beginning the first day of the pay period following the employee's thirtieth day of employment. An employee who has been automatically enrolled in the Plan may elect, within 90 days of enrollment, to withdraw from the Plan and receive a refund of amounts deferred, plus or minus any applicable earnings, investment fees, and administrative fees. An employee making such an election shall forfeit all employer matching contributions, if any, made prior to the election. Any refunded amount shall be included in the employee's gross income for the taxable year in which the refund is issued.

As soon as practicable, the Board shall establish annual, automatic increases to employee contribution rates for employees who are automatically enrolled in the Plan pursuant to this Section. The amount of automatic annual increases in any 12-month period shall not exceed 1% of compensation. Employees may elect to not receive automatic annual increases in a manner described by the Board.

(Source: P.A. 101-277, eff. 1-1-20; 102-219, eff. 7-30-21.)

Section 5-5. The Illinois Pension Code is amended by changing Sections 22C-115, 22C-116, 22C-119, and 22C-123 as follows:

(40 ILCS 5/22C-115)

Sec. 22C-115. Board of Trustees of the Fund.

(a) No later than February 1, 2020 (one month after the effective date of Public Act 101-610) or as soon thereafter as may be practicable, the Governor shall appoint, by and with the advice and consent of the Senate, a transition board of trustees consisting of 9 members as follows:

(1) three members representing municipalities and fire protection districts who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities or fire protection districts and appointed from among candidates recommended by the Illinois Municipal League;

(2) three members representing participants who are participants and appointed from among candidates recommended by the statewide labor organization representing firefighters employed by at least 85 municipalities that is affiliated with the Illinois State Federation of Labor;

(3) one member representing beneficiaries who is a

beneficiary and appointed from among the candidate or candidates recommended by the statewide labor organization representing firefighters employed by at least 85 municipalities that is affiliated with the Illinois State Federation of Labor;

(4) one member recommended by the Illinois Municipal League; and

(5) one member who is a participant recommended by the statewide labor organization representing firefighters employed by at least 85 municipalities and that is affiliated with the Illinois State Federation of Labor.

The transition board members shall serve until the initial permanent board members are elected and qualified.

The transition board of trustees shall select the chairperson of the transition board of trustees from among the trustees for the duration of the transition board's tenure.

(b) The permanent board of trustees shall consist of 9 members comprised as follows:

(1) Three members who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities or fire protection districts that have participating pension funds and are elected by the mayors and presidents of municipalities or fire protection districts that have participating pension funds.

(2) Three members who are participants of

participating pension funds and elected by the participants of participating pension funds.

(3) One member who is a beneficiary of a participating pension fund and is elected by the beneficiaries of participating pension funds.

(4) One member recommended by the Illinois Municipal League who shall be appointed by the Governor with the advice and consent of the Senate.

(5) One member recommended by the statewide labor organization representing firefighters employed by at least 85 municipalities and that is affiliated with the Illinois State Federation of Labor who shall be appointed by the Governor with the advice and consent of the Senate.

The permanent board of trustees shall select the chairperson of the permanent board of trustees from among the trustees for a term of 2 years. The holder of the office of chairperson shall alternate between a person elected or appointed under item (1) or (4) of this subsection (b) and a person elected or appointed under item (2), (3), or (5) of this subsection (b).

(c) Each trustee shall qualify by taking an oath of office before the Secretary of State or the Board's appointed legal counsel stating that he or she will diligently and honestly administer the affairs of the board and will not violate or knowingly permit the violation of any provision of this Article.

(d) Trustees shall receive no salary for service on the board but shall be reimbursed for travel expenses incurred while on business for the board ~~according to the standards in effect for members of the Commission on Government Forecasting and Accountability.~~

A municipality or fire protection district employing a firefighter who is an elected or appointed trustee of the board must allow reasonable time off with compensation for the firefighter to conduct official business related to his or her position on the board, including time for travel. The board shall notify the municipality or fire protection district in advance of the dates, times, and locations of this official business. The Fund shall timely reimburse the municipality or fire protection district for the reasonable costs incurred that are due to the firefighter's absence.

(e) No trustee shall have any interest in any brokerage fee, commission, or other profit or gain arising out of any investment directed by the board. This subsection does not preclude ownership by any member of any minority interest in any common stock or any corporate obligation in which an investment is directed by the board.

(f) Notwithstanding any provision or interpretation of law to the contrary, any member of the transition board may also be elected or appointed as a member of the permanent board.

Notwithstanding any provision or interpretation of law to the contrary, any trustee of a fund established under Article

4 of this Code may also be appointed as a member of the transition board or elected or appointed as a member of the permanent board.

The restriction in Section 3.1 of the Lobbyist Registration Act shall not apply to a member of the transition board appointed pursuant to items (4) or (5) of subsection (a) or to a member of the permanent board appointed pursuant to items (4) or (5) of subsection (b).

(Source: P.A. 101-610, eff. 1-1-20; 102-558, eff. 8-20-21.)

(40 ILCS 5/22C-116)

Sec. 22C-116. Conduct and administration of elections; terms of office.

(a) For the election of the permanent trustees, the transition board shall administer the initial elections and the permanent board shall administer all subsequent elections. Each board shall develop and implement such procedures as it determines to be appropriate for the conduct of such elections. For the purposes of obtaining information necessary to conduct elections under this Section, participating pension funds shall cooperate with the Fund.

(b) All nominations for election shall be by petition. Each petition for a trustee shall be executed as follows:

(1) for trustees to be elected by the mayors and presidents of municipalities or fire protection districts that have participating pension funds, by at least 20 such

mayors and presidents; except that this item (1) shall apply only with respect to participating pension funds;

(2) for trustees to be elected by participants, by at least 400 participants; and

(3) for trustees to be elected by beneficiaries, by at least 100 beneficiaries.

(c) A separate ballot shall be used for each class of trustee. The board shall prepare and send ballots and ballot envelopes to ~~the participants and beneficiaries~~ eligible voters ~~to vote~~ in accordance with rules adopted by the board. The ballots shall contain the names of all candidates in alphabetical order. ~~The ballot envelope shall have on the outside a form of certificate stating that the person voting the ballot is a participant or beneficiary entitled to vote.~~

Eligible voters ~~Participants and beneficiaries~~, upon receipt of the ballot, shall vote the ballot and place it in the ballot envelope, seal the envelope, ~~execute the certificate thereon~~, and return the ballot to the Fund.

The board shall set a final date for ballot return, and ballots received prior to that date in a ballot envelope ~~with a properly executed certificate and properly voted~~ shall be valid ballots.

The board shall set a day for counting the ballots and name judges and clerks of election to conduct the count of ballots and shall make any rules necessary for the conduct of the count.

The candidate or candidates receiving the highest number of votes for each class of trustee shall be elected. In the case of a tie vote, the winner shall be determined in accordance with procedures developed by the Department of Insurance.

In lieu of conducting elections via mail balloting as described in this Section, the board may instead adopt rules to provide for elections to be carried out solely via Internet balloting or phone balloting. Nothing in this Section prohibits the Fund from contracting with a third party to administer the election in accordance with this Section.

(d) At any election, voting shall be as follows:

(1) Each person authorized to vote for an elected trustee may cast one vote for each related position for which such person is entitled to vote and may cast such vote for any candidate or candidates on the ballot for such trustee position.

(2) If only one candidate for each position is properly nominated in petitions received, that candidate shall be deemed the winner and no election under this Section shall be required.

(3) The results shall be entered in the minutes of the first meeting of the board following the tally of votes.

(e) The initial election for permanent trustees shall be held and the permanent board shall be seated no later than 12 months after the effective date of this amendatory Act of the

101st General Assembly. Each subsequent election shall be held no later than 30 days prior to the end of the term of the incumbent trustees.

(f) The elected trustees shall each serve for terms of 4 years commencing on the first business day of the first month after election; except that the terms of office of the initially elected trustees shall be as follows:

(1) One trustee elected pursuant to item (1) of subsection (b) of Section 22C-115 shall serve for a term of 2 years and 2 trustees elected pursuant to item (1) of subsection (b) of Section 22C-115 shall serve for a term of 4 years;

(2) One trustee elected pursuant to item (2) of subsection (b) of Section 22C-115 shall serve for a term of 2 years and 2 trustees elected pursuant to item (2) of subsection (b) of Section 22C-115 shall serve for a term of 4 years; and

(3) The trustee elected pursuant to item (3) of subsection (b) of Section 22C-115 shall serve for a term of 2 years.

(g) The trustees appointed pursuant to items (4) and (5) of subsection (b) of Section 22C-115 shall each serve for a term of 4 years commencing on the first business day of the first month after the election of the elected trustees.

(h) A member of the board who was elected pursuant to item (1) of subsection (b) of Section 22C-115 who ceases to serve as

a mayor, president, chief executive officer, chief financial officer, or other officer, executive, or department head of a municipality or fire protection district that has a participating pension fund shall not be eligible to serve as a member of the board and his or her position shall be deemed vacant. A member of the board who was elected by the participants of participating pension funds who ceases to be a participant may serve the remainder of his or her elected term.

~~For a vacancy of an elected trustee occurring with an unexpired term of 6 months or more, an election shall be conducted for the vacancy in accordance with Section 22C-115 and this Section.~~

For a vacancy of an elected trustee ~~occurring with an unexpired term of less than 6 months~~, the vacancy shall be filled by appointment by the board ~~for the unexpired term~~ as follows: a vacancy of a member elected pursuant to item (1) of subsection (b) of Section 22C-115 shall be filled by a mayor, president, chief executive officer, chief financial officer, or other officer, executive, or department head of a municipality or fire protection district that has a participating pension fund; a vacancy of a member elected pursuant to item (2) of subsection (b) of Section 22C-115 shall be filled by a participant of a participating pension fund; and a vacancy of a member elected under item (3) of subsection (b) of Section 22C-115 shall be filled by a

beneficiary of a participating pension fund. A trustee appointed to fill the vacancy of an elected trustee shall serve until a successor is elected. Special elections to fill the remainder of an unexpired term vacated by an elected trustee shall be held concurrently with and in the same manner as the next regular election for an elected trustee position.

Vacancies among the appointed trustees shall be filled for unexpired terms by appointment in like manner as for the original appointments.

(Source: P.A. 101-610, eff. 1-1-20.)

(40 ILCS 5/22C-119)

Sec. 22C-119. Adoption of rules. The board shall adopt such rules (not inconsistent with this Code) as in its judgment are desirable to implement and properly administer this Article. Such rules shall specifically provide for the following: (1) the implementation of the transition process described in Section 22C-120; (2) the process by which the participating pension funds may request transfer of funds; (3) the process for the transfer in, receipt for, and investment of pension assets received by the Fund after the transition period from the participating pension funds; (4) the process by which contributions from municipalities and fire protection districts for the benefit of the participating pension funds may, but are not required to, be directly transferred to the Fund; and (5) compensation and benefits for its employees. A

copy of the rules adopted by the Fund shall be posted on the Fund's website ~~filed with the Secretary of State and the Department of Insurance~~. The adoption and effectiveness of such rules shall not be subject to Article 5 of the Illinois Administrative Procedure Act.

(Source: P.A. 101-610, eff. 1-1-20.)

(40 ILCS 5/22C-123)

Sec. 22C-123. Custodian. The pension fund assets transferred to or otherwise acquired by the Fund shall be placed in the custody of a custodian who shall provide adequate safe deposit facilities for those assets and hold all such securities, funds, and other assets subject to the order of the Fund.

Each custodian shall furnish a corporate surety bond of such amount as the board designates, which bond shall indemnify the Fund, the board, and the officers and employees of the Fund against any loss that may result from any action or failure to act by the custodian or any of the custodian's agents, or provide insurance coverages of such type and limits as the board designates. All charges incidental to the procuring and giving of any bond shall be paid by the board and each bond shall be in the custody of the board.

(Source: P.A. 101-610, eff. 1-1-20.)

Article 6.

Section 6-5. The Illinois Pension Code is amended by changing Section 8-165 as follows:

(40 ILCS 5/8-165) (from Ch. 108 1/2, par. 8-165)

Sec. 8-165. Re-entry into service.

(a) Except as provided in subsection (c) or (d), when an employee receiving age and service or prior service annuity who has withdrawn from service after the effective date re-enters service before age 65, any annuity previously granted and any annuity fixed for his wife shall be cancelled. The employee shall be credited for annuity purposes with sums sufficient to provide annuities equal to those cancelled, as of their ages on the date of re-entry; provided, the maximum age of the wife for this purpose shall be as provided in Section 8-155 of this Article.

The sums so credited shall provide for annuities to be fixed and granted in the future. Contributions by the employees and the city for the purposes of this Article shall be made, and when the proper time arrives, as provided in this Article, new annuities based upon the total credit for annuity purposes and the entire term of his service shall be fixed for the employee and his wife.

If the employee's wife died before he re-entered service, no part of any credits for widow's or widow's prior service annuity at the time annuity for his wife was fixed shall be

credited upon re-entry into service, and no such sums shall thereafter be used to provide such annuity.

(b) Except as provided in subsection (c) or (d), when an employee re-enters service after age 65, payments on account of any annuity previously granted shall be suspended during the time thereafter that he is in service, and when he again withdraws, annuity payments shall be resumed. If the employee dies in service, his widow shall receive the amount of annuity previously fixed for her.

(c) For school years beginning on or after July 1, 2021, an age and service or prior service annuity shall not be cancelled in the case of an employee who is re-employed by the Board of Education of the city as a Special Education Classroom Assistant or Classroom Assistant on a temporary and non-annual basis or on an hourly basis so long as the person: (1) does not work for compensation on more than 120 days in a school year; or (2) does not accept gross compensation for the re-employment in a school year in excess of \$30,000. These limitations apply only to school years that begin on or after July 1, 2021. Re-employment under this subsection does not require contributions, result in service credit being earned or granted, or constitute active participation in the Fund.

(d) For school years beginning on or after July 1, 2023, an age and service or prior service annuity shall not be cancelled in the case of an employee who is re-employed by the Board of Education of the city as a paraprofessional or

related service provider on a temporary and non-annual basis or on an hourly basis so long as the person: (1) does not work for compensation on more than 120 days in a school year; or (2) does not accept gross compensation for the re-employment in a school year in excess of \$30,000. These limitations apply only to school years that begin on or after July 1, 2023. Re-employment under this subsection does not require contributions, result in service credit being earned or granted, or constitute active participation in the Fund.

(Source: P.A. 102-342, eff. 8-13-21.)

Article 7.

Section 7-5. The School Code is amended by changing Section 24-6.3 as follows:

(105 ILCS 5/24-6.3) (from Ch. 122, par. 24-6.3)

Sec. 24-6.3. Retirement trustee leave.

(a) Each school board employing a teacher who is an elected trustee of the Teachers' Retirement System of the State of Illinois shall make available to the elected trustee at least 20 days of paid leave of absence per year for the purpose of attending meetings of the System's Board of Trustees, committee meetings of such Board, and seminars regarding issues for which such Board is responsible. The Teachers' Retirement System of the State of Illinois shall

reimburse affected school districts for the actual cost of hiring a substitute teacher during such leaves of absence.

(b) Each school board employing an employee who is an elected trustee of the Illinois Municipal Retirement Fund shall make available to the elected trustee at least 20 days of paid leave of absence per year for the purpose of attending meetings of the Fund's Board of Trustees, committee meetings of the Board of Trustees, and seminars regarding issues for which the Board of Trustees is responsible. The Illinois Municipal Retirement Fund may reimburse affected school districts for the actual cost of hiring a substitute employee during such leaves of absence.

(c) The school board established under Article 34 and employers under Article 17 of the Illinois Pension Code shall make available to each active teacher who is an elected trustee of the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago established under Article 17 of the Illinois Pension Code up to 22 days of paid leave of absence per year for the purpose of attending meetings of the Board of Trustees, committee meetings of the Board of Trustees, and seminars regarding issues for which the Board of Trustees is responsible. The allocation of the days of paid leave shall be at the discretion of the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago.

(Source: P.A. 96-357, eff. 8-13-09.)

Article 8.

Section 8-5. The Illinois Pension Code is amended by changing Section 16-155 as follows:

(40 ILCS 5/16-155) (from Ch. 108 1/2, par. 16-155)

Sec. 16-155. Report to system and payment of deductions.

(a) The employer ~~governing body of each school district~~ shall submit to the System all required reports and ~~make two deposits each month. The deposit for member contributions for salary paid during any between the first and the fifteenth of the month is due by the 10th 25th of the following month. Additionally, all The deposit of member contributions for salary paid between the sixteenth and last day of the month is due by the 10th of the following month. All required contributions for salary earned during a school term are due by July 10 next~~ following the close of such school term.

The governing body of each State institution coming under this retirement system, the State Comptroller or other State officer certifying payroll vouchers including payments of salary or wages to teachers, and any other employer of teachers, shall, monthly, forward to the secretary of the retirement system the member contributions required under this Article.

Each employer specified above shall, prior to August 15 of

each year, forward to the System a detailed statement, verified in all cases of school districts by the secretary or clerk of the district, of the amounts so contributed since the period covered by the last previous annual statement, together with required contributions not yet forwarded, such payments being payable to the System.

The board may prescribe rules governing the form, content, investigation, control, and supervision of such statements and may establish additional interim employer reporting requirements as the Board deems necessary. If no teacher in a school district comes under the provisions of this Article, the governing body of the district shall so state under the oath of its secretary to this system, and shall at the same time forward a copy of the statement to the regional superintendent of schools.

The board may also require reporting requirements that are different than those prescribed in this Section and may require different reporting requirements for different benefits or purposes established under this Article, including, but not limited to, any optional benefit plan an employee chooses to participate in.

(b) If ~~the governing body of~~ an employer that is not a State agency fails to forward such required contributions within the time permitted in subsection (a) above, the System shall notify the employer of an ~~additional~~ amount due, equal to \$50 per day for each day that elapses from the due date

until the day such report and ~~employee~~ contributions are received by the System.

(c) If the system, on August 15, is not in receipt of the detailed statements required under this Section of any school district or other employing unit, such school district or other employing unit shall pay to the system an amount equal to \$250 for each day that elapses from August 15, until the day such statement is filed with the system.

(Source: P.A. 101-502, eff. 8-23-19.)

Article 9.

Section 9-5. The Illinois Pension Code is amended by changing Sections 9-108.3 and 9-161 as follows:

(40 ILCS 5/9-108.3)

Sec. 9-108.3. In service. "In service": Any period during which contributions are being made to the Fund on behalf of an employee except for temporary election work as described in subsection (c) of Section 9-161.

(Source: P.A. 99-578, eff. 7-15-16.)

(40 ILCS 5/9-161) (from Ch. 108 1/2, par. 9-161)

Sec. 9-161. Re-entry into service. (a) When an employee who has withdrawn from service after the effective date re-enters service before age 65, any annuity previously

granted and any annuity fixed for his wife shall be cancelled. The employee shall be credited for annuity purposes with the actuarial value of annuities equal to those cancelled as of their ages on the date of re-entry; provided, the maximum age of the wife for this purpose shall be as provided in Section 9-151 of this Article. The sums so credited shall provide for annuities to be fixed and granted in the future. Contributions by the employee and the county for the purposes of this Article shall be made and when the proper time arrives, as provided in this Article, new annuities based upon the total sums accumulated to his credit for annuity purposes and the entire term of his service shall be fixed for the employee and his wife.

If the employee's wife has died before he re-entered service, no part of any credits for widow's or widow's prior service annuity at the time annuity for his wife was fixed shall be credited upon re-entry into service, and no such sums shall thereafter be used to provide such annuity.

(b) When an employee re-enters service after age 65, payments on account of any annuity previously granted shall be suspended during the time thereafter that he is in service, and when he again withdraws annuity payments shall be resumed. If the employee dies in service, his widow shall receive the annuity previously fixed for her.

(c) If an employee annuitant re-enters service as an election worker and provides services for a scheduled federal,

State, or local election for a period of 60 days or less during a calendar year, that employee annuitant's annuity shall not be suspended and such employee annuitant shall not be considered to be in service within the meaning of Section 9-108.3 and is not entitled to benefits for employees in service. If an employee annuitant re-enters service for a period longer than 60 days during a calendar year, the annuity shall be suspended or cancelled retroactive to the initial date of re-entry.

(Source: P.A. 81-1536.)

Article 10.

Section 10-5. The Illinois Pension Code is amended by changing Section 17-133 as follows:

(40 ILCS 5/17-133) (from Ch. 108 1/2, par. 17-133)

Sec. 17-133. Contributions for periods of outside and other service. Regularly certified and appointed teachers who desire to have the following described services credited for pension purposes shall submit to the Board evidence thereof and pay into the Fund the amounts prescribed herein:

1. For teaching service by a certified teacher in the public schools of the several states or in schools operated by or under the auspices of the United States, a teacher shall pay the contributions at the rates in force

(a) on the date of appointment as a regularly certified teacher after salary adjustments are completed, or (b) at the time of reappointment after salary adjustments are completed, whichever is later, but not less than \$450 per year of service. Upon the Board's approval of such service and the payment of the required contributions, service credit of not more than 10 years shall be granted.

2. For service as a playground instructor in public school playgrounds, teachers shall pay the contributions prescribed in this Article (a) at the time of appointment, as a regularly certified teacher after salary adjustments are completed, or (b) on return to service as a full time regularly certified teacher, as the case may be, provided such rates or amounts shall not be less than \$450 per year.

3. For service prior to September 1, 1955, in the public schools of the City as a substitute, evening school or temporary teacher, or for service as an Americanization teacher prior to December 31, 1955, teachers shall pay the contributions prescribed in this Article (a) at the time of appointment, as a regularly certified teacher after salary adjustments are completed, (b) on return to service as a full time regularly certified teacher, as the case may be, provided such rates or amounts shall not be less than \$450 per year; and provided further that for teachers employed on or after September 1, 1953, rates shall not include contributions for widows' pensions if the service

described in this sub-paragraph 3 was rendered before that date. Any teacher entitled to repay a refund of contributions under Section 17-126 may validate service described in this paragraph by payment of the amounts prescribed herein, together with the repayment of the refund, provided that if such creditable service was the last service rendered in the public schools of the City and is not automatically reinstated by repayment of the refund, the rates or amounts shall not be less than \$450 per year.

4. For service after June 30, 1982 as a member of the Board of Education, if required to resign from an administrative or teaching position in order to qualify as a member of the Board of Education.

5. For service during the 1986-87 school year as a teacher on a special leave of absence with full loss of salary, teaching for an agency under contract to the Board of Education, if the teacher returned to employment in September, 1987. For service under this item 5, the teacher must pay the contributions at the rates in force at the completion of the leave period.

6. For up to 2 years of service as a teacher or administrator employed by a private school registered with or recognized by the Illinois State Board of Education, provided that the teacher (i) was certified under the law governing the certification of teachers at the time the

service was rendered, (ii) applies in writing no later than 2 years after the effective date of this amendatory Act of the 102nd General Assembly, (iii) supplies satisfactory evidence of the employment, (iv) completes at least 10 years of contributing service as a teacher as defined in Section 17-106, (v) pays the contribution required in this Section, and (vi) does not receive credit for that service under any other provision of this Code. The member may apply for credit under this subsection and pay the required contribution before completing the 10 years of contributing service required under item (iv), but the credit may not be used until the item (iv) contributing service requirement has been met.

For each year of service credit to be established under this subparagraph 6, a member is required to contribute to the System (i) the employee and employer contribution that would have been required had such service been rendered as a member based on the annual salary rate during the first year of full-time employment as a teacher under this Article following the private school service, plus (ii) interest thereon at the actuarially assumed rate from the date of first full-time employment as a teacher under this Article following the private school service to the date of payment, compounded annually, ~~at a rate determined by the Board.~~

For service described in sub-paragraphs 1, 2 and 3 of this

Section, interest shall be charged beginning one year after the effective date of appointment or reappointment.

Effective September 1, 1974, the interest rate to be charged by the Fund on contributions provided in sub-paragraphs 1, 2, 3 and 4 shall be 5% per annum compounded annually.

(Source: P.A. 102-822, eff. 5-13-22.)

Article 99.

Section 99-90. The State Mandates Act is amended by adding Section 8.47 as follows:

(30 ILCS 805/8.47 new)

Sec. 8.47. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 103rd General Assembly.

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