

Public Act 097-0609

SB1831 Enrolled

LRB097 08644 JDS 48773 b

AN ACT concerning public employee benefits.

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

Section 5. The Open Meetings Act is amended by adding Section 7.3 as follows:

(5 ILCS 120/7.3 new)

Sec. 7.3. Duty to post information pertaining to benefits offered through the Illinois Municipal Retirement Fund.

(a) Within 6 business days after an employer participating in the Illinois Municipal Retirement Fund approves a budget, that employer must post on its website the total compensation package for each employee having a total compensation package that exceeds \$75,000 per year. If the employer does not maintain a website, the employer must post a physical copy of this information at the principal office of the employer. If an employer maintains a website, it may choose to post a physical copy of this information at the principal office of the employer in lieu of posting the information directly on the website; however, the employer must post directions on the website on how to access that information.

(b) At least 6 days before an employer participating in the Illinois Municipal Retirement Fund approves an employee's total compensation package that is equal to or in excess of \$150,000 per year, the employer must post on its website the total compensation package for that employee. If the employer does not maintain a website, the employer shall post a physical copy of this information at the principal office of the employer. If an employer maintains a website, it may choose to post a physical copy of this information at the principal office of the employer in lieu of posting the information directly on the website; however, the employer must post directions on the website on how to access that information.

(c) For the purposes of this Section, "total compensation package" means payment by the employer to the employee for salary, health insurance, a housing allowance, a vehicle allowance, a clothing allowance, bonuses, loans, vacation days granted, and sick days granted.

Section 10. The Illinois Pension Code is amended by changing Sections 1-160, 7-109, 7-116, 7-135, 7-137, 7-141, 7-141.1, 7-142.1, 7-144, 7-145.1, 7-172, 7-205, 14-103.05, 22-101, and 22-103 and by adding Section 7-225 as follows:

(40 ILCS 5/1-160)

Sec. 1-160. Provisions applicable to new hires.

(a) The provisions of this Section apply to a person who, on or after January 1, 2011, first becomes a member or a participant under any reciprocal retirement system or pension fund established under this Code, other than a retirement

system or pension fund established under Article 2, 3, 4, 5, 6, or 18 of this Code, notwithstanding any other provision of this Code to the contrary, but do not apply to any self-managed plan established under this Code, to any person with respect to service as a sheriff's law enforcement employee under Article 7, or to any participant of the retirement plan established under Section 22-101.

(b) "Final average salary" means the average monthly (or annual) salary obtained by dividing the total salary or earnings calculated under the Article applicable to the member or participant during the 96 consecutive months (or 8 consecutive years) of service within the last 120 months (or 10 years) of service in which the total salary or earnings calculated under the applicable Article was the highest by the number of months (or years) of service in that period. For the purposes of a person who first becomes a member or participant of any retirement system or pension fund to which this Section applies on or after January 1, 2011, in this Code, "final average salary" shall be substituted for the following:

(1) In Articles 7 (except for service as sheriff's law enforcement employees) and 15, "final rate of earnings".

(2) In Articles 8, 9, 10, 11, and 12, "highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal".

(3) In Article 13, "average final salary".

(4) In Article 14, "final average compensation".

(5) In Article 17, "average salary".

(6) In Section 22-207, "wages or salary received by him at the date of retirement or discharge".

(b-5) Beginning on January 1, 2011, for all purposes under this Code (including without limitation the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant to whom this Section applies shall not exceed \$106,800; however, that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

For the purposes of this Section, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by November 1 of each year.

(c) A member or participant 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 the applicable Article.

A member or participant who has attained age 62 and has at least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article may elect to receive the lower retirement annuity provided in subsection (d) of this Section.

(d) The retirement annuity of a member or participant who

is retiring after attaining age 62 with at least 10 years of service credit shall be reduced by one-half of 1% for each full month that the member's age is under age 67.

(e) Any retirement annuity or supplemental annuity shall be subject to annual increases on the January 1 occurring either on or after the attainment of age 67 or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

(f) The initial survivor's or widow's annuity of an otherwise eligible survivor or widow of a retired member or participant who first became a member or participant on or after January 1, 2011 shall be in the amount of 66 2/3% of the retired member's or participant's retirement annuity at the date of death. In the case of the death of a member or participant who has not retired and who first became a member or participant on or after January 1, 2011, eligibility for a survivor's or widow's annuity shall be determined by the applicable Article of this Code. The initial benefit shall be 66 2/3% of the earned annuity without a reduction due to age. A child's annuity of an otherwise eligible child shall be in the amount prescribed under each Article if applicable. Any survivor's or widow's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity or (2) in other cases, on each January 1 occurring after the first anniversary of the commencement of the annuity. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted survivor's annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

(g) The benefits in Section 14-110 apply only if the person is a State policeman, a fire fighter in the fire protection service of a department, or a security employee of the Department of Corrections or the Department of Juvenile Justice, as those terms are defined in subsection (b) of Section 14-110. A person who meets the requirements of this Section is entitled to an annuity calculated under the provisions of Section 14-110, in lieu of the regular or minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 60, regardless of whether the attainment of age 60 occurs while the person is still in service.

(h) If a person who first becomes a member or a participant of a retirement system or pension fund subject to this Section on or after January 1, 2011 is receiving a retirement annuity or retirement pension under that system or fund and becomes a

member or participant under any other system or fund created by this Code and is employed on a full-time basis, except for those members or participants exempted from the provisions of this Section under subsection (a) of this Section, then the person's retirement annuity or retirement pension under that system or fund shall be suspended during that employment. Upon termination of that employment, the person's retirement annuity or retirement pension payments shall resume and be recalculated if recalculation is provided for under the applicable Article of this Code.

If a person who first becomes a member of a retirement system or pension fund subject to this Section on or after January 1, 2012 and is receiving a retirement annuity or retirement pension under that system or fund and accepts on a contractual basis a position to provide services to a governmental entity from which he or she has retired, then that person's annuity or retirement pension earned as an active employee of the employer shall be suspended during that contractual service. A person receiving an annuity or retirement pension under this Code shall notify the pension fund or retirement system from which he or she is receiving an annuity or retirement pension, as well as his or her contractual employer, of his or her retirement status before accepting contractual employment. A person who fails to submit such notification shall be guilty of a Class A misdemeanor and required to pay a fine of \$1,000. Upon termination of that contractual employment, the person's retirement annuity or retirement pension payments shall resume and, if appropriate, be recalculated under the applicable provisions of this Code.

(i) Notwithstanding any other provision of this Section, a person who first becomes a participant of the retirement system established under Article 15 on or after January 1, 2011 shall have the option to enroll in the self-managed plan created under Section 15-158.2 of this Code.

(j) In the case of a conflict between the provisions of this Section and any other provision of this Code, the provisions of this Section shall control.

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

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

(1) "Employee" means any person who:

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

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

(b) Serves as a township treasurer appointed under the

School Code, as heretofore or hereafter amended, and who receives for such services regular compensation as distinguished from per diem compensation, and any regular employee in the office of any township treasurer whether or not his earnings are paid from the income of the permanent township fund or from funds subject to distribution to the several school districts and parts of school districts as provided in the School Code, or from both such sources.

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

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

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

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

2. Articles 15 and 16 of this Code.

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

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

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

(c) After the effective date of this amendatory Act of the 97th General Assembly, are contributors to or eligible to contribute to a Taft-Hartley pension plan established on or before June 1, 2011 and are employees of a theatre, arena, or convention center that is located in a municipality located in a county with a population greater than 5,000,000, and to which the participating municipality is required to contribute as the person's employer based on earnings from the municipality. Nothing in this paragraph shall affect service credit or creditable service for any period of service prior to the effective date of this amendatory Act of the 97th General Assembly,

and this paragraph shall not apply to individuals who are participating in the Fund prior to the effective date of this amendatory Act of the 97th General Assembly.

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

(Source: P.A. 90-460, eff. 8-17-97.)

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

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

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

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

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

1, 2012 shall not exceed 125% of the highest earnings of any other month in the final earnings period; and (6) the annual amount of final rate of earnings shall be the monthly amount multiplied by the number of months of service normally required by the position in a year.

(Source: P.A. 90-448, eff. 8-16-97.)

(40 ILCS 5/7-135) (from Ch. 108 1/2, par. 7-135)
Sec. 7-135. Authorized agents.

(a) Each participating municipality and participating instrumentality shall appoint an authorized agent who shall have the powers and duties set forth in this section. In absence of such appointment, the duties of the authorized agent shall devolve upon the clerk or secretary of the municipality or instrumentality and in the case of township school trustees upon the township school treasurer. In townships the Authorized Agent shall be the township supervisor.

(b) The authorized agent shall have the following powers and duties:

1. To certify to the fund whether or not a given person is authorized to participate in the fund;
2. To certify to the fund when a participating employee is on a leave of absence authorized by the municipality;
3. To request the proper officer to cause employee contributions to be withheld from earnings and transmitted to the fund;
4. To request the proper officer to cause municipality contributions to be forwarded to the fund promptly;
5. To forward promptly to all participating employees any communications from the fund for such employees;
6. To forward promptly to the fund all applications, claims, reports and other communications delivered to him by participating employees;
7. To perform all duties related to the administration of this retirement system as requested by the fund and the governing body of his municipality.

(c) The governing body of each participating municipality and participating instrumentality may delegate any or all of the following powers and duties to its authorized agent, ~~but only if the agent is a member of the fund:~~

1. To file a petition for nomination of an executive trustee of the fund.
2. To cast the ballot for election of an executive trustee of the fund.

If a governing body does not authorize its agent to perform the powers and duties set forth in this paragraph (c), they shall be performed by the governing body itself, unless the governing body by resolution duly certified to the fund delegates them to some other officer or employee.

(d) The delivery of any communication or document by an employee or a participating municipality or participating instrumentality to its authorized agent shall not constitute delivery to the fund.

(Source: P.A. 87-740.)

(40 ILCS 5/7-137) (from Ch. 108 1/2, par. 7-137)
Sec. 7-137. Participating and covered employees.

(a) The persons described in this paragraph (a) shall be included within and be subject to this Article and eligible to benefits from this fund, beginning upon the dates hereinafter

specified:

1. Except as to the employees specifically excluded under the provisions of this Article, all persons who are employees of any municipality (or instrumentality thereof) or participating instrumentality on the effective date of participation of the municipality or participating instrumentality beginning upon such effective date.

2. Except as to the employees specifically excluded under the provisions of this Article, all persons, who became employees of any participating municipality (or instrumentality thereof) or participating instrumentality after the effective date of participation of such municipality or participating instrumentality, beginning upon the date such person becomes an employee.

3. All persons who file notice with the board as provided in paragraph (b) 2 and 3 of this Section, beginning upon the date of filing such notice.

(b) The following described persons shall not be considered participating employees eligible for benefits from this fund, but shall be included within and be subject to this Article (each of the descriptions is not exclusive but is cumulative):

1. Any person who occupies an office or is employed in a position normally requiring performance of duty during less than 600 hours a year for a municipality (including all instrumentalities thereof) or a participating instrumentality. If a school treasurer performs services for more than one school district, the total number of hours of service normally required for the several school districts shall be considered to determine whether he qualifies under this paragraph;

2. Any person who holds elective office unless he has elected while in that office in a written notice on file with the board to become a participating employee;

3. Any person working for a city hospital unless any such person, while in active employment, has elected in a written notice on file with the board to become a participating employee and notification thereof is received by the board;

4. Any person who becomes an employee after June 30, 1979 as a public service employment program participant under the federal Comprehensive Employment and Training Act and whose wages or fringe benefits are paid in whole or in part by funds provided under such Act;

5. Any person who is actively employed by a municipality on its effective date of participation in the Fund if that municipality (i) has at least 35 employees on its effective date of participation; (ii) is located in a county with at least 2,000,000 inhabitants; and (iii) maintains an independent defined benefit pension plan for the benefit of its eligible employees, unless the person files with the board within 90 days after the municipality's effective date of participation an irrevocable election to participate.

(c) Any person electing to be a participating employee, pursuant to paragraph (b) of this Section may not change such election, except as provided in Section 7-137.1.

(d) Any employee who occupied the position of school nurse in any participating municipality on August 8, 1961 and continuously thereafter until the effective date of the exercise of the option authorized by this subparagraph, who on

August 7, 1961 was a member of the Teachers' Retirement System of Illinois, by virtue of certification by the Department of Registration and Education as a public health nurse, may elect to terminate participation in this Fund in order to re-establish membership in such System. The election may be exercised by filing written notice thereof with the Board or with the Board of Trustees of said Teachers' Retirement System, not later than September 30, 1963, and shall be effective on the first day of the calendar month next following the month in which the notice was filed. If the written notice is filed with such Teachers' Retirement System, that System shall immediately notify this Fund, but neither failure nor delay in notification shall affect the validity of the employee's election. If the option is exercised, the Fund shall notify such Teachers' Retirement System of such fact and transfer to that system the amounts contributed by the employee to this Fund, including interest at 3% per annum, but excluding contributions applicable to social security coverage during the period beginning August 8, 1961 to the effective date of the employee's election. Participation in this Fund as to any credits on or after August 8, 1961 and up to the effective date of the employee's election shall terminate on such effective date.

(e) Any participating municipality or participating instrumentality, other than a school district or special education joint agreement created under Section 10-22.31 of the School Code, may, by a resolution or ordinance duly adopted by its governing body, elect to exclude from participation and eligibility for benefits all persons who are employed after the effective date of such resolution or ordinance and who occupy an office or are employed in a position normally requiring performance of duty for less than 1000 hours per year for the participating municipality (including all instrumentalities thereof) or participating instrumentality except for persons employed in a position normally requiring performance of duty for 600 hours or more per year (i) by such participating municipality or participating instrumentality prior to the effective date of the resolution or ordinance and (ii) by a participating municipality or participating instrumentality, which had not adopted such a resolution when the person was employed, and the function served by the employee's position is assumed by another participating municipality or participating instrumentality. ~~A participating municipality or participating instrumentality included in and subject to this Article after January 1, 1982 may adopt such resolution or ordinance only prior to the date it becomes included in and subject to this Article.~~ Notwithstanding the foregoing, a participating municipality or participating instrumentality which is formed solely to succeed to the functions of a participating municipality or participating instrumentality shall be considered to have adopted any such resolution or ordinance which may have been applicable to the employees performing such functions. The election made by the resolution or ordinance shall take effect at the time specified in the resolution or ordinance, and once effective shall be irrevocable. (Source: P.A. 96-1140, eff. 7-21-10.)

(40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)

Sec. 7-141. Retirement annuities - Conditions. Retirement annuities shall be payable as hereinafter set forth:

(a) A participating employee who, regardless of cause, is separated from the service of all participating municipalities and instrumentalities thereof and participating instrumentalities shall be entitled to a retirement annuity provided:

1. He is at least age 55, or in the case of a person who is eligible to have his annuity calculated under Section 7-142.1, he is at least age 50;

2. He is ~~(i) an employee who was employed by any participating municipality or participating instrumentality which had not elected to exclude persons employed in positions normally requiring performance of duty for less than 1000 hours per year or was employed in a position normally requiring performance of duty for 600 hours or more per year prior to such election by any participating municipality or participating instrumentality included in and subject to this Article on or before the effective date of this amendatory Act of 1981 which made such election and is not entitled to receive earnings for employment in a position normally requiring performance of duty for 600 hours or more per year for any participating municipality and instrumentalities thereof and participating instrumentality; or (ii) an employee who was employed only by a participating municipality or participating instrumentality, or participating municipalities or participating instrumentalities, which have elected to exclude persons in positions normally requiring performance of duty for less than 1000 hours per year after the effective date of such exclusion or which are included under and subject to the Article after the effective date of this amendatory Act of 1981 and elects to exclude persons in such positions, and is not entitled to receive earnings for employment in a position requiring him, or entitling him to elect, to be a participating employee normally requiring performance of duty for 1000 hours or more per year by such a participating municipality or participating instrumentality;~~

3. The amount of his annuity, before the application of paragraph (b) of Section 7-142 is at least \$10 per month;

4. If he first became a participating employee after December 31, 1961, he has at least 8 years of service. This service requirement shall not apply to any participating employee, regardless of participation date, if the General Assembly terminates the Fund.

(b) Retirement annuities shall be payable:

1. As provided in Section 7-119;

2. Except as provided in item 3, upon receipt by the fund of a written application. The effective date may be not more than one year prior to the date of the receipt by the fund of the application;

3. Upon attainment of age 70 1/2 if the member (i) is no longer in service, and (ii) is otherwise entitled to an annuity under this Article;

4. To the beneficiary of the deceased annuitant for the unpaid amount accrued to date of death, if any.

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

(40 ILCS 5/7-141.1)

Sec. 7-141.1. Early retirement incentive.

(a) The General Assembly finds and declares that:

(1) Units of local government across the State have been functioning under a financial crisis.

(2) This financial crisis is expected to continue.

(3) Units of local government must depend on additional sources of revenue and, when those sources are not forthcoming, must establish cost-saving programs.

(4) An early retirement incentive designed specifically to target highly-paid senior employees could result in significant annual cost savings.

(5) The early retirement incentive should be made available only to those units of local government that determine that an early retirement incentive is in their best interest.

(6) A unit of local government adopting a program of early retirement incentives under this Section is encouraged to implement personnel procedures to prohibit, for at least 5 years, the rehiring (whether on payroll or by independent contract) of employees who receive early retirement incentives.

(7) A unit of local government adopting a program of early retirement incentives under this Section is also encouraged to replace as few of the participating employees as possible and to hire replacement employees for salaries totaling no more than 80% of the total salaries formerly paid to the employees who participate in the early retirement program.

It is the primary purpose of this Section to encourage units of local government that can realize true cost savings, or have determined that an early retirement program is in their best interest, to implement an early retirement program.

(b) Until the effective date of this amendatory Act of 1997, this Section does not apply to any employer that is a city, village, or incorporated town, nor to the employees of any such employer. Beginning on the effective date of this amendatory Act of 1997, any employer under this Article, including an employer that is a city, village, or incorporated town, may establish an early retirement incentive program for its employees under this Section. The decision of a city, village, or incorporated town to consider or establish an early retirement program is at the sole discretion of that city, village, or incorporated town, and nothing in this amendatory Act of 1997 limits or otherwise diminishes this discretion. Nothing contained in this Section shall be construed to require a city, village, or incorporated town to establish an early retirement program and no city, village, or incorporated town may be compelled to implement such a program.

The benefits provided in this Section are available only to members employed by a participating employer that has filed with the Board of the Fund a resolution or ordinance expressly providing for the creation of an early retirement incentive program under this Section for its employees and specifying the effective date of the early retirement incentive program. Subject to the limitation in subsection (h), an employer may adopt a resolution or ordinance providing a program of early retirement incentives under this Section at any time.

The resolution or ordinance shall be in substantially the following form:

RESOLUTION (ORDINANCE) NO.
A RESOLUTION (ORDINANCE) ADOPTING AN EARLY

RETIREMENT INCENTIVE PROGRAM FOR EMPLOYEES
IN THE ILLINOIS MUNICIPAL RETIREMENT FUND

WHEREAS, Section 7-141.1 of the Illinois Pension Code provides that a participating employer may elect to adopt an early retirement incentive program offered by the Illinois Municipal Retirement Fund by adopting a resolution or ordinance; and

WHEREAS, The goal of adopting an early retirement program is to realize a substantial savings in personnel costs by offering early retirement incentives to employees who have accumulated many years of service credit; and

WHEREAS, Implementation of the early retirement program will provide a budgeting tool to aid in controlling payroll costs; and

WHEREAS, The (name of governing body) has determined that the adoption of an early retirement incentive program is in the best interests of the (name of participating employer); therefore be it

RESOLVED (ORDAINED) by the (name of governing body) of (name of participating employer) that:

(1) The (name of participating employer) does hereby adopt the Illinois Municipal Retirement Fund early retirement incentive program as provided in Section 7-141.1 of the Illinois Pension Code. The early retirement incentive program shall take effect on (date).

(2) In order to help achieve a true cost savings, a person who retires under the early retirement incentive program shall lose those incentives if he or she later accepts employment with any IMRF employer in a position for which participation in IMRF is required or is elected by the employee.

(3) In order to utilize an early retirement incentive as a budgeting tool, the (name of participating employer) will use its best efforts either to limit the number of employees who replace the employees who retire under the early retirement program or to limit the salaries paid to the employees who replace the employees who retire under the early retirement program.

(4) The effective date of each employee's retirement under this early retirement program shall be set by (name of employer) and shall be no earlier than the effective date of the program and no later than one year after that effective date; except that the employee may require that the retirement date set by the employer be no later than the June 30 next occurring after the effective date of the program and no earlier than the date upon which the employee qualifies for retirement.

(5) To be eligible for the early retirement incentive under this Section, the employee must have attained age 50 and have at least 20 years of creditable service by his or her retirement date.

(6) The (clerk or secretary) shall promptly file a certified copy of this resolution (ordinance) with the Board of Trustees of the Illinois Municipal Retirement Fund.

CERTIFICATION

I, (name), the (clerk or secretary) of the (name of participating employer) of the County of (name), State of Illinois, do hereby certify that I am the keeper of the books and records of the (name of employer) and that the foregoing is a true and correct copy of a resolution (ordinance) duly adopted by the (governing body) at a meeting duly convened and

held on (date).

SEAL

(Signature of clerk or secretary)

(c) To be eligible for the benefits provided under an early retirement incentive program adopted under this Section, a member must:

(1) be a participating employee of this Fund who, on the effective date of the program, (i) is in active payroll status as an employee of a participating employer that has filed the required ordinance or resolution with the Board, (ii) is on layoff status from such a position with a right of re-employment or recall to service, (iii) is on a leave of absence from such a position, or (iv) is on disability but has not been receiving benefits under Section 7-146 or 7-150 for a period of more than 2 years from the date of application;

(2) have never previously received a retirement annuity under this Article or under the Retirement Systems Reciprocal Act using service credit established under this Article;

(3) (blank);

(4) have at least 20 years of creditable service in the Fund by the date of retirement, without the use of any creditable service established under this Section;

(5) have attained age 50 by the date of retirement, without the use of any age enhancement received under this Section; and

(6) be eligible to receive a retirement annuity under this Article by the date of retirement, for which purpose the age enhancement and creditable service established under this Section may be considered.

(d) The employer shall determine the retirement date for each employee participating in the early retirement program adopted under this Section. The retirement date shall be no earlier than the effective date of the program and no later than one year after that effective date, except that the employee may require that the retirement date set by the employer be no later than the June 30 next occurring after the effective date of the program and no earlier than the date upon which the employee qualifies for retirement. The employer shall give each employee participating in the early retirement program at least 30 days written notice of the employee's designated retirement date, unless the employee waives this notice requirement.

(e) An eligible person may establish up to 5 years of creditable service under this Section. In addition, for each period of creditable service established under this Section, a person shall have his or her age at retirement deemed enhanced by an equivalent period.

The creditable service established under this Section may be used for all purposes under this Article and the Retirement Systems Reciprocal Act, except for the computation of final rate of earnings and the determination of earnings, salary, or compensation under this or any other Article of the Code.

The age enhancement established under this Section may be used for all purposes under this Article (including calculation of the reduction imposed under subdivision (a)1b(iv) of Section 7-142), except for purposes of a reversionary annuity under Section 7-145 and any distributions required because of age.

The age enhancement established under this Section may be used in calculating a proportionate annuity payable by this Fund under the Retirement Systems Reciprocal Act, but shall not be used in determining benefits payable under other Articles of this Code under the Retirement Systems Reciprocal Act.

(f) For all creditable service established under this Section, the member must pay to the Fund an employee contribution consisting of 4.5% of the member's highest annual salary rate used in the determination of the final rate of earnings for retirement annuity purposes for each year of creditable service granted under this Section. For creditable service established under this Section by a person who is a sheriff's law enforcement employee to be deemed service as a sheriff's law enforcement employee, the employee contribution shall be at the rate of 6.5% of highest annual salary per year of creditable service granted. Contributions for fractions of a year of service shall be prorated. Any amounts that are disregarded in determining the final rate of earnings under subdivision (d) (5) of Section 7-116 (the 125% rule) shall also be disregarded in determining the required contribution under this subsection (f).

The employee contribution shall be paid to the Fund as follows: If the member is entitled to a lump sum payment for accumulated vacation, sick leave, or personal leave upon withdrawal from service, the employer shall deduct the employee contribution from that lump sum and pay the deducted amount directly to the Fund. If there is no such lump sum payment or the required employee contribution exceeds the net amount of the lump sum payment, then the remaining amount due, at the option of the employee, may either be paid to the Fund before the annuity commences or deducted from the retirement annuity in 24 equal monthly installments.

(g) An annuitant who has received any age enhancement or creditable service under this Section and thereafter accepts employment with or enters into a personal services contract with an employer under this Article thereby forfeits that age enhancement and creditable service; except that this restriction does not apply to (1) service in an elective office, so long as the annuitant does not participate in this Fund with respect to that office, and (2) a person appointed as an officer under subsection (f) of Section 3-109 of this Code, and (3) a person appointed as an auxiliary police officer pursuant to Section 3.1-30-5 of the Illinois Municipal Code. A person forfeiting early retirement incentives under this subsection (i) must repay to the Fund that portion of the retirement annuity already received which is attributable to the early retirement incentives that are being forfeited, (ii) shall not be eligible to participate in any future early retirement program adopted under this Section, and (iii) is entitled to a refund of the employee contribution paid under subsection (f). The Board shall deduct the required repayment from the refund and may impose a reasonable payment schedule for repaying the amount, if any, by which the required repayment exceeds the refund amount.

(h) The additional unfunded liability accruing as a result of the adoption of a program of early retirement incentives under this Section by an employer shall be amortized over a period of 10 years beginning on January 1 of the second calendar year following the calendar year in which the latest date for beginning to receive a retirement annuity under the

program (as determined by the employer under subsection (d) of this Section) occurs; except that the employer may provide for a shorter amortization period (of no less than 5 years) by adopting an ordinance or resolution specifying the length of the amortization period and submitting a certified copy of the ordinance or resolution to the Fund no later than 6 months after the effective date of the program. An employer, at its discretion, may accelerate payments to the Fund.

An employer may provide more than one early retirement incentive program for its employees under this Section. However, an employer that has provided an early retirement incentive program for its employees under this Section may not provide another early retirement incentive program under this Section until the liability arising from the earlier program has been fully paid to the Fund.

(Source: P.A. 96-775, eff. 8-28-09.)

(40 ILCS 5/7-142.1) (from Ch. 108 1/2, par. 7-142.1)

Sec. 7-142.1. Sheriff's law enforcement employees.

(a) In lieu of the retirement annuity provided by subparagraph 1 of paragraph (a) of Section 7-142:

Any sheriff's law enforcement employee who has 20 or more years of service in that capacity and who terminates service prior to January 1, 1988 shall be entitled at his option to receive a monthly retirement annuity for his service as a sheriff's law enforcement employee computed by multiplying 2% for each year of such service up to 10 years, 2 1/4% for each year of such service above 10 years and up to 20 years, and 2 1/2% for each year of such service above 20 years, by his annual final rate of earnings and dividing by 12.

Any sheriff's law enforcement employee who has 20 or more years of service in that capacity and who terminates service on or after January 1, 1988 and before July 1, 2004 shall be entitled at his option to receive a monthly retirement annuity for his service as a sheriff's law enforcement employee computed by multiplying 2.5% for each year of such service up to 20 years, 2% for each year of such service above 20 years and up to 30 years, and 1% for each year of such service above 30 years, by his annual final rate of earnings and dividing by 12.

Any sheriff's law enforcement employee who has 20 or more years of service in that capacity and who terminates service on or after July 1, 2004 shall be entitled at his or her option to receive a monthly retirement annuity for service as a sheriff's law enforcement employee computed by multiplying 2.5% for each year of such service by his annual final rate of earnings and dividing by 12.

If a sheriff's law enforcement employee has service in any other capacity, his retirement annuity for service as a sheriff's law enforcement employee may be computed under this Section and the retirement annuity for his other service under Section 7-142.

In no case shall the total monthly retirement annuity for persons who retire before July 1, 2004 exceed 75% of the monthly final rate of earnings. In no case shall the total monthly retirement annuity for persons who retire on or after July 1, 2004 exceed 80% of the monthly final rate of earnings.

(b) Whenever continued group insurance coverage is elected in accordance with the provisions of Section 367h of the Illinois Insurance Code, as now or hereafter amended, the total

monthly premium for such continued group insurance coverage or such portion thereof as is not paid by the municipality shall, upon request of the person electing such continued group insurance coverage, be deducted from any monthly pension benefit otherwise payable to such person pursuant to this Section, to be remitted by the Fund to the insurance company or other entity providing the group insurance coverage.

(c) A sheriff's law enforcement employee who began service in that capacity prior to the effective date of this amendatory Act of the 97th General Assembly and who has service in any other capacity may convert up to 10 years of that service into service as a sheriff's law enforcement employee by paying to the Fund an amount equal to (1) the additional employee contribution required under Section 7-173.1, plus (2) the additional employer contribution required under Section 7-172, plus (3) interest on items (1) and (2) at the prescribed rate from the date of the service to the date of payment.

(d) The changes to subsections (a) and (b) of this Section made by this amendatory Act of the 94th General Assembly apply only to persons in service on or after July 1, 2004. In the case of such a person who begins to receive a retirement annuity before the effective date of this amendatory Act of the 94th General Assembly, the annuity shall be recalculated prospectively to reflect those changes, with the resulting increase beginning to accrue on the first annuity payment date following the effective date of this amendatory Act.

(e) Any elected county officer who was entitled to receive a stipend from the State on or after July 1, 2009 and on or before June 30, 2010 may establish earnings credit for the amount of stipend not received, if the elected county official applies in writing to the fund within 6 months after the effective date of this amendatory Act of the 96th General Assembly and pays to the fund an amount equal to (i) employee contributions on the amount of stipend not received, (ii) employer contributions determined by the Board equal to the employer's normal cost of the benefit on the amount of stipend not received, plus (iii) interest on items (i) and (ii) at the actuarially assumed rate.

(f) Notwithstanding any other provision of this Article, the provisions of this subsection (f) apply to a person who first becomes a sheriff's law enforcement employee under this Article on or after January 1, 2011.

A sheriff's law enforcement employee age 55 or more who has 10 or more years of service in that capacity shall be entitled at his option to receive a monthly retirement annuity for his or her service as a sheriff's law enforcement employee computed by multiplying 2.5% for each year of such service by his or her final rate of earnings.

The retirement annuity of a sheriff's law enforcement employee who is retiring after attaining age 50 with 10 or more years of creditable service shall be reduced by one-half of 1% for each month that the sheriff's law enforcement employee's age is under age 55.

The maximum retirement annuity under this subsection (f) shall be 75% of final rate of earnings.

For the purposes of this subsection (f), "final rate of earnings" means the average monthly earnings obtained by dividing the total salary of the sheriff's law enforcement employee during the 96 consecutive months of service within the last 120 months of service in which the total earnings was the

highest by the number of months of service in that period.

Notwithstanding any other provision of this Article, beginning on January 1, 2011, for all purposes under this Code (including without limitation the calculation of benefits and employee contributions), the annual earnings of a sheriff's law enforcement employee to whom this Section applies shall not include overtime and shall not exceed \$106,800; however, that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

(g) Notwithstanding any other provision of this Article, the monthly annuity of a person who first becomes a sheriff's law enforcement employee under this Article on or after January 1, 2011 shall be increased on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for a 12-month period ending in September is zero or, when compared with the preceding period, decreases, then the annuity shall not be increased.

(h) Notwithstanding any other provision of this Article, for a person who first becomes a sheriff's law enforcement employee under this Article on or after January 1, 2011, the annuity to which the surviving spouse, children, or parents are entitled under this subsection (h) shall be in the amount of 66 2/3% of the sheriff's law enforcement employee's earned annuity at the date of death.

(i) Notwithstanding any other provision of this Article, the monthly annuity of a survivor of a person who first becomes a sheriff's law enforcement employee under this Article on or after January 1, 2011 shall be increased on the January 1 after attainment of age 60 by the recipient of the survivor's annuity and each January 1 thereafter by 3% or one-half the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted pension. If the annual unadjusted percentage change in the consumer price index-u for a 12-month period ending in September is zero or, when compared with the preceding period, decreases, then the annuity shall not be increased.

(j) For the purposes of this Section, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the pension funds.

(Source: P.A. 96-961, eff. 7-2-10; 96-1495, eff. 1-1-11.)

(40 ILCS 5/7-144) (from Ch. 108 1/2, par. 7-144)

Sec. 7-144. Retirement annuities--Suspended during employment.

(a) ~~(1) If any person described in clause (i) of subsection (a) 2 of Section 7-141 receiving any annuity again becomes an employee and receives earnings from employment in a position normally requiring performance of duty during 600 hours or more per year for any participating municipality and instrumentalities thereof or participating instrumentality, or~~
~~(2) if any person described in clause (ii) of subsection (a) 2 of Section 7-141 receiving any annuity returns to employment in a position requiring him, or entitling him to elect, to become a participating employee,~~ ~~then the annuity payable to such employee shall be suspended as of the 1st day of the month coincidental with or next following the date upon which such person becomes such an employee. Upon proper qualification of the participating employee payment of such annuity may be resumed on the 1st day of the month following such qualification and upon proper application therefor. The participating employee in such case shall be entitled to a supplemental annuity arising from service and credits earned subsequent to such re-entry as a participating employee.~~

(b) Supplemental annuities to persons who return to service for less than 48 months shall be computed under the provisions of Sections 7-141, 7-142 and 7-143. In determining whether an employee is eligible for an annuity which requires a minimum period of service, his entire period of service shall be taken into consideration but the supplemental annuity shall be based on earnings and service in the supplemental period only. The effective date of the suspended and supplemental annuity for the purpose of increases after retirement shall be considered to be the effective date of the suspended annuity.

(c) Supplemental annuities to persons who return to service for 48 months or more shall be a monthly amount determined as follows:

(1) An amount shall be computed under subparagraph b of paragraph (1) of subsection (a) of Section 7-142, considering all of the service credits of the employee;

(2) The actuarial value in monthly payments for life of the annuity payments made before suspension shall be determined and subtracted from the amount determined in (1) above;

(3) The monthly amount of the suspended annuity, with any applicable increases after retirement computed from the effective date to the date of reinstatement, shall be subtracted from the amount determined in (2) above and the remainder shall be the amount of the supplemental annuity provided that this amount shall not be less than the amount computed under subsection (b) of this Section.

(4) The suspended annuity shall be reinstated at an amount including any increases after retirement from the effective date to date of reinstatement.

(5) The effective date of the combined suspended and supplemental annuities for the purposes of increases after retirement shall be considered to be the effective date of the supplemental annuity.

(Source: P.A. 82-459.)

(40 ILCS 5/7-145.1)

Sec. 7-145.1. Alternative annuity for county officers.

(a) The benefits provided in this Section and Section

7-145.2 are available only if, prior to the effective date of this amendatory Act of the 97th General Assembly, the county board has filed with the Board of the Fund a resolution or ordinance expressly consenting to the availability of these benefits for its elected county officers. The county board's consent is irrevocable with respect to persons participating in the program, but may be revoked at any time with respect to persons who have not paid an additional optional contribution under this Section before the date of revocation.

An elected county officer may elect to establish alternative credits for an alternative annuity by electing in writing before the effective date of this amendatory Act of the 97th General Assembly to make additional optional contributions in accordance with this Section and procedures established by the board. These alternative credits are available only for periods of service as an elected county officer. The elected county officer may discontinue making the additional optional contributions by notifying the Fund in writing in accordance with this Section and procedures established by the board.

Additional optional contributions for the alternative annuity shall be as follows:

(1) For service as an elected county officer after the option is elected, an additional contribution of 3% of salary shall be contributed to the Fund on the same basis and under the same conditions as contributions required under Section 7-173.

(2) For service as an elected county officer before the option is elected, an additional contribution of 3% of the salary for the applicable period of service, plus interest at the effective rate from the date of service to the date of payment, plus any additional amount required by the county board under paragraph (3). All payments for past service must be paid in full before credit is given.

(3) With respect to service as an elected county officer before the option is elected, if payment is made after the county board has filed with the Board of the Fund a resolution or ordinance requiring an additional contribution under this paragraph, then the contribution required under paragraph (2) shall include an amount to be determined by the Fund, equal to the actuarial present value of the additional employer cost that would otherwise result from the alternative credits being established for that service. A county board's resolution or ordinance requiring additional contributions under this paragraph (3) is irrevocable.

No additional optional contributions may be made for any period of service for which credit has been previously forfeited by acceptance of a refund, unless the refund is repaid in full with interest at the effective rate from the date of refund to the date of repayment.

(b) In lieu of the retirement annuity otherwise payable under this Article, an elected county officer who (1) has elected to participate in the Fund and make additional optional contributions in accordance with this Section, (2) has held and made additional optional contributions with respect to the same elected county office for at least 8 years, and (3) has attained age 55 with at least 20 years of service credit (or has attained age 50 with at least 20 years of service as a sheriff's law enforcement employee) may elect to have his

retirement annuity computed as follows: 3% of the participant's salary for each of the first 8 years of service credit, plus 4% of that salary for each of the next 4 years of service credit, plus 5% of that salary for each year of service credit in excess of 12 years, subject to a maximum of 80% of that salary.

This formula applies only to service in an elected county office that the officer held for at least 8 years, and only to service for which additional optional contributions have been paid under this Section. If an elected county officer qualifies to have this formula applied to service in more than one elected county office, the qualifying service shall be accumulated for purposes of determining the applicable accrual percentages, but the salary used for each office shall be the separate salary calculated for that office, as defined in subsection (g).

To the extent that the elected county officer has service credit that does not qualify for this formula, his retirement annuity will first be determined in accordance with this formula with respect to the service to which this formula applies, and then in accordance with the remaining Sections of this Article with respect to the service to which this formula does not apply.

(c) In lieu of the disability benefits otherwise payable under this Article, an elected county officer who (1) has elected to participate in the Fund, and (2) has become permanently disabled and as a consequence is unable to perform the duties of his office, and (3) was making optional contributions in accordance with this Section at the time the disability was incurred, may elect to receive a disability annuity calculated in accordance with the formula in subsection (b). For the purposes of this subsection, an elected county officer shall be considered permanently disabled only if: (i) disability occurs while in service as an elected county officer and is of such a nature as to prevent him from reasonably performing the duties of his office at the time; and (ii) the board has received a written certification by at least 2 licensed physicians appointed by it stating that the officer is disabled and that the disability is likely to be permanent.

(d) Refunds of additional optional contributions shall be made on the same basis and under the same conditions as provided under Section 7-166, 7-167 and 7-168. Interest shall be credited at the effective rate on the same basis and under the same conditions as for other contributions.

If an elected county officer fails to hold that same elected county office for at least 8 years, he or she shall be entitled after leaving office to receive a refund of the additional optional contributions made with respect to that office, plus interest at the effective rate.

(e) The plan of optional alternative benefits and contributions shall be available to persons who are elected county officers and active contributors to the Fund on or after November 15, 1994 and elected to establish alternative credit before the effective date of this amendatory Act of the 97th General Assembly. A person who was an elected county officer and an active contributor to the Fund on November 15, 1994 but is no longer an active contributor may apply to make additional optional contributions under this Section at any time within 90 days after the effective date of this amendatory Act of 1997; if the person is an annuitant, the resulting increase in annuity shall begin to accrue on the first day of the month

following the month in which the required payment is received by the Fund.

(f) For the purposes of this Section and Section 7-145.2, the terms "elected county officer" and "elected county office" include, but are not limited to: (1) the county clerk, recorder, treasurer, coroner, assessor (if elected), auditor, sheriff, and State's Attorney; members of the county board; and the clerk of the circuit court; and (2) a person who has been appointed to fill a vacancy in an office that is normally filled by election on a countywide basis, for the duration of his or her service in that office. The terms "elected county officer" and "elected county office" do not include any officer or office of a county that has not consented to the availability of benefits under this Section and Section 7-145.2.

(g) For the purposes of this Section and Section 7-145.2, the term "salary" means the final rate of earnings for the elected county office held, calculated in a manner consistent with Section 7-116, but for that office only. If an elected county officer qualifies to have the formula in subsection (b) applied to service in more than one elected county office, a separate salary shall be calculated and applied with respect to each such office.

(h) The changes to this Section made by this amendatory Act of the 91st General Assembly apply to persons who first make an additional optional contribution under this Section on or after the effective date of this amendatory Act.

(i) Any elected county officer who was entitled to receive a stipend from the State on or after July 1, 2009 and on or before June 30, 2010 may establish earnings credit for the amount of stipend not received, if the elected county official applies in writing to the fund within 6 months after the effective date of this amendatory Act of the 96th General Assembly and pays to the fund an amount equal to (i) employee contributions on the amount of stipend not received, (ii) employer contributions determined by the Board equal to the employer's normal cost of the benefit on the amount of stipend not received, plus (iii) interest on items (i) and (ii) at the actuarially assumed rate.

(Source: P.A. 96-961, eff. 7-2-10.)

(40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)
Sec. 7-172. Contributions by participating municipalities and participating instrumentalities.

(a) Each participating municipality and each participating instrumentality shall make payment to the fund as follows:

1. municipality contributions in an amount determined by applying the municipality contribution rate to each payment of earnings paid to each of its participating employees;
2. an amount equal to the employee contributions provided by paragraphs (a) and (b) of Section 7-173, whether or not the employee contributions are withheld as permitted by that Section;
3. all accounts receivable, together with interest charged thereon, as provided in Section 7-209;
4. if it has no participating employees with current earnings, an amount payable which, over a closed period of 20 years for participating municipalities and 10 years for participating instrumentalities, will amortize, at the

effective rate for that year, any unfunded obligation. The unfunded obligation shall be computed as provided in paragraph 2 of subsection (b);

5. if it has fewer than 7 participating employees or a negative balance in its municipality reserve, the greater of (A) an amount payable that, over a period of 20 years, will amortize at the effective rate for that year any unfunded obligation, computed as provided in paragraph 2 of subsection (b) or (B) the amount required by paragraph 1 of this subsection (a).

(b) A separate municipality contribution rate shall be determined for each calendar year for all participating municipalities together with all instrumentalities thereof. The municipality contribution rate shall be determined for participating instrumentalities as if they were participating municipalities. The municipality contribution rate shall be the sum of the following percentages:

1. The percentage of earnings of all the participating employees of all participating municipalities and participating instrumentalities which, if paid over the entire period of their service, will be sufficient when combined with all employee contributions available for the payment of benefits, to provide all annuities for participating employees, and the \$3,000 death benefit payable under Sections 7-158 and 7-164, such percentage to be known as the normal cost rate.

2. The percentage of earnings of the participating employees of each participating municipality and participating instrumentalities necessary to adjust for the difference between the present value of all benefits, excluding temporary and total and permanent disability and death benefits, to be provided for its participating employees and the sum of its accumulated municipality contributions and the accumulated employee contributions and the present value of expected future employee and municipality contributions pursuant to subparagraph 1 of this paragraph (b). This adjustment shall be spread over the remainder of the period that is allowable under generally accepted accounting principles.

3. The percentage of earnings of the participating employees of all municipalities and participating instrumentalities necessary to provide the present value of all temporary and total and permanent disability benefits granted during the most recent year for which information is available.

4. The percentage of earnings of the participating employees of all participating municipalities and participating instrumentalities necessary to provide the present value of the net single sum death benefits expected to become payable from the reserve established under Section 7-206 during the year for which this rate is fixed.

5. The percentage of earnings necessary to meet any deficiency arising in the Terminated Municipality Reserve.

(c) A separate municipality contribution rate shall be computed for each participating municipality or participating instrumentality for its sheriff's law enforcement employees.

A separate municipality contribution rate shall be computed for the sheriff's law enforcement employees of each forest preserve district that elects to have such employees. For the period from January 1, 1986 to December 31, 1986, such

rate shall be the forest preserve district's regular rate plus 2%.

In the event that the Board determines that there is an actuarial deficiency in the account of any municipality with respect to a person who has elected to participate in the Fund under Section 3-109.1 of this Code, the Board may adjust the municipality's contribution rate so as to make up that deficiency over such reasonable period of time as the Board may determine.

(d) The Board may establish a separate municipality contribution rate for all employees who are program participants employed under the federal Comprehensive Employment Training Act by all of the participating municipalities and instrumentalities. The Board may also provide that, in lieu of a separate municipality rate for these employees, a portion of the municipality contributions for such program participants shall be refunded or an extra charge assessed so that the amount of municipality contributions retained or received by the fund for all CETA program participants shall be an amount equal to that which would be provided by the separate municipality contribution rate for all such program participants. Refunds shall be made to prime sponsors of programs upon submission of a claim therefor and extra charges shall be assessed to participating municipalities and instrumentalities. In establishing the municipality contribution rate as provided in paragraph (b) of this Section, the use of a separate municipality contribution rate for program participants or the refund of a portion of the municipality contributions, as the case may be, may be considered.

(e) Computations of municipality contribution rates for the following calendar year shall be made prior to the beginning of each year, from the information available at the time the computations are made, and on the assumption that the employees in each participating municipality or participating instrumentality at such time will continue in service until the end of such calendar year at their respective rates of earnings at such time.

(f) Any municipality which is the recipient of State allocations representing that municipality's contributions for retirement annuity purposes on behalf of its employees as provided in Section 12-21.16 of the Illinois Public Aid Code shall pay the allocations so received to the Board for such purpose. Estimates of State allocations to be received during any taxable year shall be considered in the determination of the municipality's tax rate for that year under Section 7-171. If a special tax is levied under Section 7-171, none of the proceeds may be used to reimburse the municipality for the amount of State allocations received and paid to the Board. Any multiple-county or consolidated health department which receives contributions from a county under Section 11.2 of "An Act in relation to establishment and maintenance of county and multiple-county health departments", approved July 9, 1943, as amended, or distributions under Section 3 of the Department of Public Health Act, shall use these only for municipality contributions by the health department.

(g) Municipality contributions for the several purposes specified shall, for township treasurers and employees in the offices of the township treasurers who meet the qualifying conditions for coverage hereunder, be allocated among the

several school districts and parts of school districts serviced by such treasurers and employees in the proportion which the amount of school funds of each district or part of a district handled by the treasurer bears to the total amount of all school funds handled by the treasurer.

From the funds subject to allocation among districts and parts of districts pursuant to the School Code, the trustees shall withhold the proportionate share of the liability for municipality contributions imposed upon such districts by this Section, in respect to such township treasurers and employees and remit the same to the Board.

The municipality contribution rate for an educational service center shall initially be the same rate for each year as the regional office of education or school district which serves as its administrative agent. When actuarial data become available, a separate rate shall be established as provided in subparagraph (i) of this Section.

The municipality contribution rate for a public agency, other than a vocational education cooperative, formed under the Intergovernmental Cooperation Act shall initially be the average rate for the municipalities which are parties to the intergovernmental agreement. When actuarial data become available, a separate rate shall be established as provided in subparagraph (i) of this Section.

(h) Each participating municipality and participating instrumentality shall make the contributions in the amounts provided in this Section in the manner prescribed from time to time by the Board and all such contributions shall be obligations of the respective participating municipalities and participating instrumentalities to this fund. The failure to deduct any employee contributions shall not relieve the participating municipality or participating instrumentality of its obligation to this fund. Delinquent payments of contributions due under this Section may, with interest, be recovered by civil action against the participating municipalities or participating instrumentalities. Municipality contributions, other than the amount necessary for employee contributions and Social Security contributions, for periods of service by employees from whose earnings no deductions were made for employee contributions to the fund, may be charged to the municipality reserve for the municipality or participating instrumentality.

(i) Contributions by participating instrumentalities shall be determined as provided herein except that the percentage derived under subparagraph 2 of paragraph (b) of this Section, and the amount payable under subparagraph 4 of paragraph (a) of this Section, shall be based on an amortization period of 10 years.

(j) Notwithstanding the other provisions of this Section, the additional unfunded liability accruing as a result of this amendatory Act of the 94th General Assembly shall be amortized over a period of 30 years beginning on January 1 of the second calendar year following the calendar year in which this amendatory Act takes effect, except that the employer may provide for a longer amortization period by adopting a resolution or ordinance specifying a 35-year or 40-year period and submitting a certified copy of the ordinance or resolution to the fund no later than June 1 of the calendar year following the calendar year in which this amendatory Act takes effect.

(k) If the amount of a participating employee's reported

earnings for any of the 12-month periods used to determine the final rate of earnings exceeds the employee's 12 month reported earnings with the same employer for the previous year by the greater of 6% or 1.5 times the annual increase in the Consumer Price Index-U, as established by the United States Department of Labor for the preceding September, the participating municipality or participating instrumentality that paid those earnings shall pay to the Fund, in addition to any other contributions required under this Article, the present value of the increase in the pension resulting from the portion of the increase in salary that is in excess of the greater of 6% or 1.5 times the annual increase in the Consumer Price Index-U, as determined by the Fund. This present value shall be computed on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the Fund that is available at the time of the computation.

Whenever it determines that a payment is or may be required under this subsection (k), the fund shall calculate the amount of the payment and bill the participating municipality or participating instrumentality for that amount. The bill shall specify the calculations used to determine the amount due. If the participating municipality or participating instrumentality disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to the fund in writing for a recalculation. The application must specify in detail the grounds of the dispute. Upon receiving a timely application for recalculation, the fund shall review the application and, if appropriate, recalculate the amount due. The participating municipality and participating instrumentality contributions required under this subsection (k) may be paid in the form of a lump sum within 90 days after receipt of the bill. If the participating municipality and participating instrumentality contributions are not paid within 90 days after receipt of the bill, then interest will be charged at a rate equal to the fund's annual actuarially assumed rate of return on investment compounded annually from the 91st day after receipt of the bill. Payments must be concluded within 3 years after receipt of the bill by the participating municipality or participating instrumentality.

When assessing payment for any amount due under this subsection (k), the fund shall exclude earnings increases resulting from overload or overtime earnings.

When assessing payment for any amount due under this subsection (k), the fund shall also exclude earnings increases attributable to standard employment promotions resulting in increased responsibility and workload.

This subsection (k) does not apply to earnings increases paid to individuals under contracts or collective bargaining agreements entered into, amended, or renewed before the effective date of this amendatory Act of the 97th General Assembly, earnings increases paid to members who are 10 years or more from retirement eligibility, or earnings increases resulting from an increase in the number of hours required to be worked.

When assessing payment for any amount due under this subsection (k), the fund shall also exclude earnings attributable to personnel policies adopted before the effective date of this amendatory Act of the 97th General Assembly as long as those policies are not applicable to employees who begin service on or after the effective date of

this amendatory Act of the 97th General Assembly.

(Source: P.A. 96-1084, eff. 7-16-10; 96-1140, eff. 7-21-10; revised 9-16-10.)

(40 ILCS 5/7-205) (from Ch. 108 1/2, par. 7-205)

Sec. 7-205. Reserves for annuities. Appropriate reserves shall be created for payment of all annuities granted under this Article at the time such annuities are granted and in amounts determined to be necessary under actuarial tables adopted by the Board upon recommendation of the actuary of the fund. All annuities payable shall be charged to the annuity reserve.

1. Amounts credited to annuity reserves shall be derived by transfer of all the employee credits from the appropriate employee reserves and by charges to the municipality reserve of those municipalities in which the retiring employee has accumulated service. If a retiring employee has accumulated service in more than one participating municipality or participating instrumentality, the aggregate municipality charges for non-concurrent service shall be calculated as follows:

(A) for purposes of calculating the annuity reserve, an annuity will be calculated based on service and adjusted earnings with each employer (without regard to the vesting requirement contained in subsection (a) of Section 7-142); and

(B) the difference between the municipality charges for the actual annuity granted and the aggregation of the municipality charges based upon the ratio of each from those calculations to the aggregated total from paragraph (A) of this item 1.

Aggregate municipality charges for concurrent service shall be prorated based on the employee's earnings. The municipality charges for retirement annuities calculated under subparagraph a. of paragraph 1. of subsection (a) of Section 7-142 shall be prorated based on actual contributions prorated on a basis of the employee's earnings in case of concurrent service and creditable service in other cases.

2. Supplemental annuities shall be handled as a separate annuity and amounts to be credited to the annuity reserve therefor shall be derived in the same manner as a regular annuity.

3. When a retirement annuity is granted to an employee with a spouse eligible for a surviving spouse annuity, there shall be credited to the annuity reserve an amount to fund the cost of both the retirement and surviving spouse annuity as a joint and survivors annuity.

4. Beginning January 1, 1989, when a retirement annuity is awarded, an amount equal to the present value of the \$3,000 death benefit payable upon the death of the annuitant shall be transferred to the annuity reserve from the appropriate municipality reserves in the same manner as the transfer for annuities.

5. All annuity reserves shall be revalued annually as of December 31. Beginning as of December 31, 1973, adjustment required therein by such revaluation shall be charged or credited to the earnings and experience variation reserve.

6. There shall be credited to the annuity reserve all of the payments made by annuitants under Section 7-144.2, plus an additional amount from the earnings and experience variation

reserve to fund the cost of the incremental annuities granted to annuitants making these payments.

7. As of December 31, 1972, the excess in the annuity reserve shall be transferred to the municipality reserves. An amount equal to the deficiency in the reserve of participating municipalities and participating instrumentalities which have no participating employees shall be allocated to their reserves. The remainder shall be allocated in amounts proportionate to the present value, as of January 1, 1972, of annuities of annuitants of the remaining participating municipalities and participating instrumentalities.

(Source: P.A. 89-136, eff. 7-14-95.)

(40 ILCS 5/7-225 new)

Sec. 7-225. Increases in earnings; pension impact statement. Before increasing the earnings of an officer, executive, or manager by 12% or more:

(1) the authorities of the respective employer who are authorizing the increase must contact the Illinois Municipal Retirement Fund as to the effect of that increase in salary on the pension benefits of that participant;

(2) the Illinois Municipal Retirement Fund must respond with a written "Pension Impact Statement" stating the effect of that increase in salary on the pension benefits of that participant, and any other relevant effect of the increase, including payment of the present value of the increase in benefits resulting from the portion of any increase in salary that is in excess of 6% as provided under subsection (k) of Section 7-172, if applicable;

(3) the authorities authorizing this increase must sign the pension impact statement, acknowledging receipt and understanding of the effects of the increase; and

(4) the employer must pay the costs associated with the pension impact statement.

The provisions of this Section do not apply to any of the following: increases attributable to standard employment promotions resulting in increased responsibility and workloads; earnings increases paid to individuals under contracts or collective bargaining agreements entered into, amended, or renewed before January 1, 2012; earnings increases paid to members who are 10 years or more from retirement eligibility; or earnings increases resulting from an increase in the number of hours required to be worked.

(40 ILCS 5/14-103.05) (from Ch. 108 1/2, par. 14-103.05)
Sec. 14-103.05. Employee.

(a) Any person employed by a Department who receives salary for personal services rendered to the Department on a warrant issued pursuant to a payroll voucher certified by a Department and drawn by the State Comptroller upon the State Treasurer, including an elected official described in subparagraph (d) of Section 14-104, shall become an employee for purpose of membership in the Retirement System on the first day of such employment.

A person entering service on or after January 1, 1972 and prior to January 1, 1984 shall become a member as a condition of employment and shall begin making contributions as of the first day of employment.

A person entering service on or after January 1, 1984 shall, upon completion of 6 months of continuous service which

is not interrupted by a break of more than 2 months, become a member as a condition of employment. Contributions shall begin the first of the month after completion of the qualifying period.

A person employed by the Chicago Metropolitan Agency for Planning on the effective date of this amendatory Act of the 95th General Assembly who was a member of this System as an employee of the Chicago Area Transportation Study and makes an election under Section 14-104.13 to participate in this System for his or her employment with the Chicago Metropolitan Agency for Planning.

The qualifying period of 6 months of service is not applicable to: (1) a person who has been granted credit for service in a position covered by the State Universities Retirement System, the Teachers' Retirement System of the State of Illinois, the General Assembly Retirement System, or the Judges Retirement System of Illinois unless that service has been forfeited under the laws of those systems; (2) a person entering service on or after July 1, 1991 in a noncovered position; (3) a person to whom Section 14-108.2a or 14-108.2b applies; or (4) a person to whom subsection (a-5) of this Section applies.

(a-5) A person entering service on or after December 1, 2010 shall become a member as a condition of employment and shall begin making contributions as of the first day of employment. A person serving in the qualifying period on December 1, 2010 will become a member on December 1, 2010 and shall begin making contributions as of December 1, 2010.

(b) The term "employee" does not include the following:

(1) members of the State Legislature, and persons electing to become members of the General Assembly Retirement System pursuant to Section 2-105;

(2) incumbents of offices normally filled by vote of the people;

(3) except as otherwise provided in this Section, any person appointed by the Governor with the advice and consent of the Senate unless that person elects to participate in this system;

(3.1) any person serving as a commissioner of an ethics commission created under the State Officials and Employees Ethics Act unless that person elects to participate in this system with respect to that service as a commissioner;

(3.2) any person serving as a part-time employee in any of the following positions: Legislative Inspector General, Special Legislative Inspector General, employee of the Office of the Legislative Inspector General, Executive Director of the Legislative Ethics Commission, or staff of the Legislative Ethics Commission, regardless of whether he or she is in active service on or after July 8, 2004 (the effective date of Public Act 93-685), unless that person elects to participate in this System with respect to that service; in this item (3.2), a "part-time employee" is a person who is not required to work at least 35 hours per week;

(3.3) any person who has made an election under Section 1-123 and who is serving either as legal counsel in the Office of the Governor or as Chief Deputy Attorney General;

(4) except as provided in Section 14-108.2 or 14-108.2c, any person who is covered or eligible to be covered by the Teachers' Retirement System of the State of

Illinois, the State Universities Retirement System, or the Judges Retirement System of Illinois;

(5) an employee of a municipality or any other political subdivision of the State;

(6) any person who becomes an employee after June 30, 1979 as a public service employment program participant under the Federal Comprehensive Employment and Training Act and whose wages or fringe benefits are paid in whole or in part by funds provided under such Act;

(7) enrollees of the Illinois Young Adult Conservation Corps program, administered by the Department of Natural Resources, authorized grantee pursuant to Title VIII of the "Comprehensive Employment and Training Act of 1973", 29 USC 993, as now or hereafter amended;

(8) enrollees and temporary staff of programs administered by the Department of Natural Resources under the Youth Conservation Corps Act of 1970;

(9) any person who is a member of any professional licensing or disciplinary board created under an Act administered by the Department of Professional Regulation or a successor agency or created or re-created after the effective date of this amendatory Act of 1997, and who receives per diem compensation rather than a salary, notwithstanding that such per diem compensation is paid by warrant issued pursuant to a payroll voucher; such persons have never been included in the membership of this System, and this amendatory Act of 1987 (P.A. 84-1472) is not intended to effect any change in the status of such persons;

(10) any person who is a member of the Illinois Health Care Cost Containment Council, and receives per diem compensation rather than a salary, notwithstanding that such per diem compensation is paid by warrant issued pursuant to a payroll voucher; such persons have never been included in the membership of this System, and this amendatory Act of 1987 is not intended to effect any change in the status of such persons;

(11) any person who is a member of the Oil and Gas Board created by Section 1.2 of the Illinois Oil and Gas Act, and receives per diem compensation rather than a salary, notwithstanding that such per diem compensation is paid by warrant issued pursuant to a payroll voucher; ~~or~~

(12) a person employed by the State Board of Higher Education in a position with the Illinois Century Network as of June 30, 2004, who remains continuously employed after that date by the Department of Central Management Services in a position with the Illinois Century Network and participates in the Article 15 system with respect to that employment; ~~-~~

(13) any person who first becomes a member of the Civil Service Commission on or after January 1, 2012;

(14) any person, other than the Director of Employment Security, who first becomes a member of the Board of Review of the Department of Employment Security on or after January 1, 2012;

(15) any person who first becomes a member of the Civil Service Commission on or after January 1, 2012;

(16) any person who first becomes a member of the Illinois Liquor Control Commission on or after January 1, 2012;

(17) any person who first becomes a member of the Secretary of State Merit Commission on or after January 1, 2012;

(18) any person who first becomes a member of the Human Rights Commission on or after January 1, 2012;

(19) any person who first becomes a member of the State Mining Board on or after January 1, 2012;

(20) any person who first becomes a member of the Property Tax Appeal Board on or after January 1, 2012;

(21) any person who first becomes a member of the Illinois Racing Board on or after January 1, 2012;

(22) any person who first becomes a member of the Department of State Police Merit Board on or after January 1, 2012;

(23) any person who first becomes a member of the Illinois State Toll Highway Authority on or after January 1, 2012; or

(24) any person who first becomes a member of the Illinois State Board of Elections on or after January 1, 2012.

(c) An individual who represents or is employed as an officer or employee of a statewide labor organization that represents members of this System may participate in the System and shall be deemed an employee, provided that (1) the individual has previously earned creditable service under this Article, (2) the individual files with the System an irrevocable election to become a participant within 6 months after the effective date of this amendatory Act of the 94th General Assembly, and (3) the individual does not receive credit for that employment under any other provisions of this Code. An employee under this subsection (c) is responsible for paying to the System both (i) employee contributions based on the actual compensation received for service with the labor organization and (ii) employer contributions based on the percentage of payroll certified by the board; all or any part of these contributions may be paid on the employee's behalf or picked up for tax purposes (if authorized under federal law) by the labor organization.

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

(Source: P.A. 95-677, eff. 10-11-07; 96-1490, eff. 1-1-11.)

(40 ILCS 5/22-101) (from Ch. 108 1/2, par. 22-101)

Sec. 22-101. Retirement Plan for Chicago Transit Authority Employees.

(a) There shall be established and maintained by the Authority created by the "Metropolitan Transit Authority Act", approved April 12, 1945, as amended, (referred to in this Section as the "Authority") a financially sound pension and retirement system adequate to provide for all payments when due under such established system or as modified from time to time by ordinance of the Chicago Transit Board or collective

bargaining agreement. For this purpose, the Board must make contributions to the established system as required under this Section and may make any additional contributions provided for by Board ordinance or collective bargaining agreement. The participating employees shall make such periodic payments to the established system as required under this Section and may make any additional contributions provided for by Board ordinance or collective bargaining agreement.

Provisions shall be made by the Board for all officers, except those who first become members on or after January 1, 2012, and employees of the Authority appointed pursuant to the "Metropolitan Transit Authority Act" to become, subject to reasonable rules and regulations, participants of the pension or retirement system with uniform rights, privileges, obligations and status as to the class in which such officers and employees belong. The terms, conditions and provisions of any pension or retirement system or of any amendment or modification thereof affecting employees who are members of any labor organization may be established, amended or modified by agreement with such labor organization, provided the terms, conditions and provisions must be consistent with this Act, the annual funding levels for the retirement system established by law must be met and the benefits paid to future participants in the system may not exceed the benefit ceilings set for future participants under this Act and the contribution levels required by the Authority and its employees may not be less than the contribution levels established under this Act.

(b) The Board of Trustees shall consist of 11 members appointed as follows: (i) 5 trustees shall be appointed by the Chicago Transit Board; (ii) 3 trustees shall be appointed by an organization representing the highest number of Chicago Transit Authority participants; (iii) one trustee shall be appointed by an organization representing the second-highest number of Chicago Transit Authority participants; (iv) one trustee shall be appointed by the recognized coalition representatives of participants who are not represented by an organization with the highest or second-highest number of Chicago Transit Authority participants; and (v) one trustee shall be selected by the Regional Transportation Authority Board of Directors, and the trustee shall be a professional fiduciary who has experience in the area of collectively bargained pension plans. Trustees shall serve until a successor has been appointed and qualified, or until resignation, death, incapacity, or disqualification.

Any person appointed as a trustee of the board shall qualify by taking an oath of office that he or she will diligently and honestly administer the affairs of the system and will not knowingly violate or willfully permit the violation of any of the provisions of law applicable to the Plan, including Sections 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114, and 1-115 of the Illinois Pension Code.

Each trustee shall cast individual votes, and a majority vote shall be final and binding upon all interested parties, provided that the Board of Trustees may require a supermajority vote with respect to the investment of the assets of the Retirement Plan, and may set forth that requirement in the Retirement Plan documents, by-laws, or rules of the Board of Trustees. Each trustee shall have the rights, privileges, authority, and obligations as are usual and customary for such fiduciaries.

The Board of Trustees may cause amounts on deposit in the Retirement Plan to be invested in those investments that are permitted investments for the investment of moneys held under any one or more of the pension or retirement systems of the State, any unit of local government or school district, or any agency or instrumentality thereof. The Board, by a vote of at least two-thirds of the trustees, may transfer investment management to the Illinois State Board of Investment, which is hereby authorized to manage these investments when so requested by the Board of Trustees.

Notwithstanding any other provision of this Article or any law to the contrary, any person who first becomes a member of the Chicago Transit Board on or after January 1, 2012 shall not be eligible to participate in this Retirement Plan.

(c) All individuals who were previously participants in the Retirement Plan for Chicago Transit Authority Employees shall remain participants, and shall receive the same benefits established by the Retirement Plan for Chicago Transit Authority Employees, except as provided in this amendatory Act or by subsequent legislative enactment or amendment to the Retirement Plan. For Authority employees hired on or after the effective date of this amendatory Act of the 95th General Assembly, the Retirement Plan for Chicago Transit Authority Employees shall be the exclusive retirement plan and such employees shall not be eligible for any supplemental plan, except for a deferred compensation plan funded only by employee contributions.

For all Authority employees who are first hired on or after the effective date of this amendatory Act of the 95th General Assembly and are participants in the Retirement Plan for Chicago Transit Authority Employees, the following terms, conditions and provisions with respect to retirement shall be applicable:

(1) Such participant shall be eligible for an unreduced retirement allowance for life upon the attainment of age 64 with 25 years of continuous service.

(2) Such participant shall be eligible for a reduced retirement allowance for life upon the attainment of age 55 with 10 years of continuous service.

(3) For the purpose of determining the retirement allowance to be paid to a retiring employee, the term "Continuous Service" as used in the Retirement Plan for Chicago Transit Authority Employees shall also be deemed to include all pension credit for service with any retirement system established under Article 8 or Article 11 of this Code, provided that the employee forfeits and relinquishes all pension credit under Article 8 or Article 11 of this Code, and the contribution required under this subsection is made by the employee. The Retirement Plan's actuary shall determine the contribution paid by the employee as an amount equal to the normal cost of the benefit accrued, had the service been rendered as an employee, plus interest per annum from the time such service was rendered until the date the payment is made.

(d) From the effective date of this amendatory Act through December 31, 2008, all participating employees shall contribute to the Retirement Plan in an amount not less than 6% of compensation, and the Authority shall contribute to the Retirement Plan in an amount not less than 12% of compensation.

(e)(1) Beginning January 1, 2009 the Authority shall make

contributions to the Retirement Plan in an amount equal to twelve percent (12%) of compensation and participating employees shall make contributions to the Retirement Plan in an amount equal to six percent (6%) of compensation. These contributions may be paid by the Authority and participating employees on a payroll or other periodic basis, but shall in any case be paid to the Retirement Plan at least monthly.

(2) For the period ending December 31, 2040, the amount paid by the Authority in any year with respect to debt service on bonds issued for the purposes of funding a contribution to the Retirement Plan under Section 12c of the Metropolitan Transit Authority Act, other than debt service paid with the proceeds of bonds or notes issued by the Authority for any year after calendar year 2008, shall be treated as a credit against the amount of required contribution to the Retirement Plan by the Authority under subsection (e)(1) for the following year up to an amount not to exceed 6% of compensation paid by the Authority in that following year.

(3) By September 15 of each year beginning in 2009 and ending on December 31, 2039, on the basis of a report prepared by an enrolled actuary retained by the Plan, the Board of Trustees of the Retirement Plan shall determine the estimated funded ratio of the total assets of the Retirement Plan to its total actuarially determined liabilities. A report containing that determination and the actuarial assumptions on which it is based shall be filed with the Authority, the representatives of its participating employees, the Auditor General of the State of Illinois, and the Regional Transportation Authority. If the funded ratio is projected to decline below 60% in any year before 2040, the Board of Trustees shall also determine the increased contribution required each year as a level percentage of payroll over the years remaining until 2040 using the projected unit credit actuarial cost method so the funded ratio does not decline below 60% and include that determination in its report. If the actual funded ratio declines below 60% in any year prior to 2040, the Board of Trustees shall also determine the increased contribution required each year as a level percentage of payroll during the years after the then current year using the projected unit credit actuarial cost method so the funded ratio is projected to reach at least 60% no later than 10 years after the then current year and include that determination in its report. Within 60 days after receiving the report, the Auditor General shall review the determination and the assumptions on which it is based, and if he finds that the determination and the assumptions on which it is based are unreasonable in the aggregate, he shall issue a new determination of the funded ratio, the assumptions on which it is based and the increased contribution required each year as a level percentage of payroll over the years remaining until 2040 using the projected unit credit actuarial cost method so the funded ratio does not decline below 60%, or, in the event of an actual decline below 60%, so the funded ratio is projected to reach 60% by no later than 10 years after the then current year. If the Board of Trustees or the Auditor General determine that an increased contribution is required to meet the funded ratio required by the subsection, effective January 1 following the determination or 30 days after such determination, whichever is later, one-third of the increased contribution shall be paid by participating employees and two-thirds by the Authority, in addition to the contributions

required by this subsection (1).

(4) For the period beginning 2040, the minimum contribution to the Retirement Plan for each fiscal year shall be an amount determined by the Board of Trustees of the Retirement Plan to be sufficient to bring the total assets of the Retirement Plan up to 90% of its total actuarial liabilities by the end of 2059. Participating employees shall be responsible for one-third of the required contribution and the Authority shall be responsible for two-thirds of the required contribution. In making these determinations, the Board of Trustees shall calculate the required contribution each year as a level percentage of payroll over the years remaining to and including fiscal year 2059 using the projected unit credit actuarial cost method. A report containing that determination and the actuarial assumptions on which it is based shall be filed by September 15 of each year with the Authority, the representatives of its participating employees, the Auditor General of the State of Illinois and the Regional Transportation Authority. If the funded ratio is projected to fail to reach 90% by December 31, 2059, the Board of Trustees shall also determine the increased contribution required each year as a level percentage of payroll over the years remaining until December 31, 2059 using the projected unit credit actuarial cost method so the funded ratio will meet 90% by December 31, 2059 and include that determination in its report. Within 60 days after receiving the report, the Auditor General shall review the determination and the assumptions on which it is based and if he finds that the determination and the assumptions on which it is based are unreasonable in the aggregate, he shall issue a new determination of the funded ratio, the assumptions on which it is based and the increased contribution required each year as a level percentage of payroll over the years remaining until December 31, 2059 using the projected unit credit actuarial cost method so the funded ratio reaches no less than 90% by December 31, 2059. If the Board of Trustees or the Auditor General determine that an increased contribution is required to meet the funded ratio required by this subsection, effective January 1 following the determination or 30 days after such determination, whichever is later, one-third of the increased contribution shall be paid by participating employees and two-thirds by the Authority, in addition to the contributions required by subsection (e)(1).

(5) Beginning in 2060, the minimum contribution for each year shall be the amount needed to maintain the total assets of the Retirement Plan at 90% of the total actuarial liabilities of the Plan, and the contribution shall be funded two-thirds by the Authority and one-third by the participating employees in accordance with this subsection.

(f) The Authority shall take the steps necessary to comply with Section 414(h)(2) of the Internal Revenue Code of 1986, as amended, to permit the pick-up of employee contributions under subsections (d) and (e) on a tax-deferred basis.

(g) The Board of Trustees shall certify to the Governor, the General Assembly, the Auditor General, the Board of the Regional Transportation Authority, and the Authority at least 90 days prior to the end of each fiscal year the amount of the required contributions to the retirement system for the next retirement system fiscal year under this Section. The certification shall include a copy of the actuarial recommendations upon which it is based. In addition, copies of

the certification shall be sent to the Commission on Government Forecasting and Accountability and the Mayor of Chicago.

(h)(1) As to an employee who first becomes entitled to a retirement allowance commencing on or after November 30, 1989, the retirement allowance shall be the amount determined in accordance with the following formula:

- (A) One percent (1%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each full year of continuous service from the date of original employment to the effective date of the Plan; plus
- (B) One and seventy-five hundredths percent (1.75%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service as provided for in the Retirement Plan for Chicago Transit Authority Employees.

Provided, however that:

(2) As to an employee who first becomes entitled to a retirement allowance commencing on or after January 1, 1993, the retirement allowance shall be the amount determined in accordance with the following formula:

- (A) One percent (1%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each full year of continuous service from the date of original employment to the effective date of the Plan; plus
- (B) One and eighty hundredths percent (1.80%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service as provided for in the Retirement Plan for Chicago Transit Authority Employees.

Provided, however that:

(3) As to an employee who first becomes entitled to a retirement allowance commencing on or after January 1, 1994, the retirement allowance shall be the amount determined in accordance with the following formula:

- (A) One percent (1%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each full year of continuous service from the date of original employment to the effective date of the Plan; plus
- (B) One and eighty-five hundredths percent (1.85%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service as provided for in the Retirement Plan for Chicago Transit Authority Employees.

Provided, however that:

(4) As to an employee who first becomes entitled to a retirement allowance commencing on or after January 1, 2000, the retirement allowance shall be the amount determined in accordance with the following formula:

- (A) One percent (1%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each full year of continuous service from the date of original employment to the effective date of the Plan; plus
- (B) Two percent (2%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service as provided for in the Retirement Plan for Chicago Transit Authority

Employees.

Provided, however that:

(5) As to an employee who first becomes entitled to a retirement allowance commencing on or after January 1, 2001, the retirement allowance shall be the amount determined in accordance with the following formula:

(A) One percent (1%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each full year of continuous service from the date of original employment to the effective date of the Plan; plus

(B) Two and fifteen hundredths percent (2.15%) of his "Average Annual Compensation in the highest four (4) completed Plan Years" for each year (including fractions thereof to completed calendar months) of continuous service as provided for in the Retirement Plan for Chicago Transit Authority Employees.

The changes made by this amendatory Act of the 95th General Assembly, to the extent that they affect the rights or privileges of Authority employees that are currently the subject of collective bargaining, have been agreed to between the authorized representatives of these employees and of the Authority prior to enactment of this amendatory Act, as evidenced by a Memorandum of Understanding between these representatives that will be filed with the Secretary of State Index Department and designated as "95-GA-C05". The General Assembly finds and declares that those changes are consistent with 49 U.S.C. 5333(b) (also known as Section 13(c) of the Federal Transit Act) because of this agreement between authorized representatives of these employees and of the Authority, and that any future amendments to the provisions of this amendatory Act of the 95th General Assembly, to the extent those amendments would affect the rights and privileges of Authority employees that are currently the subject of collective bargaining, would be consistent with 49 U.S.C. 5333(b) if and only if those amendments were agreed to between these authorized representatives prior to enactment.

(i) Early retirement incentive plan; funded ratio.

(1) Beginning on the effective date of this Section, no early retirement incentive shall be offered to participants of the Plan unless the Funded Ratio of the Plan is at least 80% or more.

(2) For the purposes of this Section, the Funded Ratio shall be the Adjusted Assets divided by the Actuarial Accrued Liability developed in accordance with Statement #25 promulgated by the Government Accounting Standards Board and the actuarial assumptions described in the Plan. The Adjusted Assets shall be calculated based on the methodology described in the Plan.

(j) Nothing in this amendatory Act of the 95th General Assembly shall impair the rights or privileges of Authority employees under any other law.

(Source: P.A. 94-839, eff. 6-6-06; 95-708, eff. 1-18-08.)

(40 ILCS 5/22-103)

Sec. 22-103. Regional Transportation Authority and related pension plans.

(a) As used in this Section:

"Affected pension plan" means a defined-benefit pension plan supported in whole or in part by employer contributions and maintained by the Regional Transportation Authority, the

Suburban Bus Division, or the Commuter Rail Division, or any combination thereof, under the general authority of the Regional Transportation Authority Act, including but not limited to any such plan that has been established under or is subject to a collective bargaining agreement or is limited to employees covered by a collective bargaining agreement.

"Affected pension plan" does not include any pension fund or retirement system subject to Section 22-101 of this Section.

"Authority" means the Regional Transportation Authority created under the Regional Transportation Authority Act.

"Contributing employer" means an employer that is required to make contributions to an affected pension plan under the terms of that plan.

"Funding ratio" means the ratio of an affected pension plan's assets to the present value of its actuarial liabilities, as determined at its latest actuarial valuation in accordance with applicable actuarial assumptions and recommendations.

"Under-funded pension plan" or "under-funded" means an affected pension plan that, at the time of its last actuarial valuation, has a funding ratio of less than 90%.

(b) The contributing employers of each affected pension plan have a general duty to make the required employer contributions to the affected pension plan in a timely manner in accordance with the terms of the plan. A contributing employer must make contributions to the affected pension plan as required under this subsection and, if applicable, subsection (c); a contributing employer may make any additional contributions provided for by the board of the employer or collective bargaining agreement.

(c) In the case of an affected pension plan that is under-funded on January 1, 2009 or becomes under-funded at any time after that date, the contributing employers shall contribute to the affected pension plan, in addition to all amounts otherwise required, amounts sufficient to bring the funding ratio of the affected pension plan up to 90% in accordance with an amortization schedule adopted jointly by the contributing employers and the trustee of the affected pension plan. The amortization schedule may extend for any period up to a maximum of 50 years and shall provide for additional employer contributions in substantially equal annual amounts over the selected period. If the contributing employers and the trustee of the affected pension plan do not agree on an appropriate period for the amortization schedule within 6 months of the date of determination that the plan is under-funded, then the amortization schedule shall be based on a period of 50 years.

In the case of an affected pension plan that has more than one contributing employer, each contributing employer's share of the total additional employer contributions required under this subsection shall be determined: (i) in proportion to the amounts, if any, by which the respective contributing employers have failed to meet their contribution obligations under the terms of the affected pension plan; or (ii) if all of the contributing employers have met their contribution obligations under the terms of the affected pension plan, then in the same proportion as they are required to contribute under the terms of that plan. In the case of an affected pension plan that has only one contributing employer, that contributing employer is responsible for all of the additional employer contributions required under this subsection.

If an under-funded pension plan is determined to have achieved a funding ratio of at least 90% during the period when an amortization schedule is in force under this Section, the contributing employers and the trustee of the affected pension plan, acting jointly, may cancel the amortization schedule and the contributing employers may cease making additional contributions under this subsection for as long as the affected pension plan retains a funding ratio of at least 90%.

(d) Beginning January 1, 2009, if the Authority fails to pay to an affected pension fund within 30 days after it is due (i) any employer contribution that it is required to make as a contributing employer, (ii) any additional employer contribution that it is required to pay under subsection (c), or (iii) any payment that it is required to make under Section 4.02a or 4.02b of the Regional Transportation Authority Act, the trustee of the affected pension fund shall promptly so notify the Commission on Government Forecasting and Accountability, the Mayor of Chicago, the Governor, and the General Assembly.

(e) For purposes of determining employer contributions, assets, and actuarial liabilities under this subsection, contributions, assets, and liabilities relating to health care benefits shall not be included.

(f) This amendatory Act of the 94th General Assembly does not affect or impair the right of any contributing employer or its employees to collectively bargain the amount or level of employee contributions to an affected pension plan, to the extent that the plan includes employees subject to collective bargaining.

(g) Notwithstanding any other provision of this Article or any law to the contrary, a person who, on or after the effective date of this amendatory Act of the 97th General Assembly, first becomes a director on the Suburban Bus Board, the Commuter Rail Board, or the Board of Directors of the Regional Transportation Authority shall not be eligible to participate in an affected pension plan.

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

Section 15. The State Mandates Act is amended by adding Section 8.35 as follows:

(30 ILCS 805/8.35 new)

Sec. 8.35. 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 97th General Assembly.

Section 99. Effective date. This Section and the changes made to Sections 7-109, 7-141.1, 7-142.1, and 7-145.1 take effect upon becoming law. The remainder of this Act takes effect on January 1, 2012.