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PENSIONS
(40 ILCS 5/) Illinois Pension Code.

(40 ILCS 5/Art. 11 heading)

ARTICLE 11. LABORERS' AND RETIREMENT BOARD EMPLOYEES' ANNUITY
AND BENEFIT
FUND--CITIES OVER 500,000 INHABITANTS

(40 ILCS 5/11-101) (from Ch. 108 1/2, par. 11-101)

Sec. 11-101. Creation of fund.

In each city of more than 500,000 inhabitants a Laborers' and Retirement Board Employees' Annuity and Benefit Fund shall be created, set apart, maintained and administered, in the manner prescribed in this Article, for the benefit of the laborers and retirement board employees, herein designated, and their beneficiaries.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-102) (from Ch. 108 1/2, par. 11-102)

Sec. 11-102. Terms defined. The terms used in this Article have the meanings ascribed to them in Sections 11-103 to 11-124, inclusive, except when the context otherwise requires.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-103) (from Ch. 108 1/2, par. 11-103)

Sec. 11-103. Fund.

"Fund": The Laborers' and Retirement Board Employees' Annuity and Benefit Fund herein created.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-104) (from Ch. 108 1/2, par. 11-104)

Sec. 11-104. The 1935 Act.

"The 1935 Act": "An Act to provide for the creation, setting apart, maintenance, and administration of a laborers' and retirement board employees' annuity and benefit fund in cities having a population exceeding two hundred thousand inhabitants", approved June 21, 1935, as amended.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-105) (from Ch. 108 1/2, par. 11-105)

Sec. 11-105. Exchange of Functions Act of 1957.

"Exchange of Functions Act of 1957": "An Act in relation to an exchange of certain functions, property and personnel among cities and park districts having coextensive geographic areas and populations in excess of 500,000", approved July 5,

1957.

(Source: Laws 1963, p. 161.)

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

Sec. 11-106. Civil Service Act. "Civil Service Act": "An Act to regulate the civil service of cities", approved March 20, 1895, as amended, superseded by the provisions of Division 1 of Article 10 of the Illinois Municipal Code, relating to civil service in cities.

(Source: P.A. 83-499.)

(40 ILCS 5/11-106.1) (from Ch. 108 1/2, par. 11-106.1)

Sec. 11-106.1. "Municipal Personnel Ordinance": In the case of a city exercising constitutionally authorized home rule unit authority, an ordinance of any city in which this Article is in force and effect, establishing a substitute for and to supersede the "Civil Service Act" as the governing employment system of such city.

(Source: P.A. 83-499.)

(40 ILCS 5/11-107) (from Ch. 108 1/2, par. 11-107)

Sec. 11-107. Employer. "Employer": A city of more than 500,000 inhabitants, the Board of Education of such city to which this Article applies, the board of this fund, or the retirement board of any other annuity and benefit fund on a reserve basis in such city (one or more employees of which have applied for participation in this fund as provided in this Article).

(Source: P.A. 83-499.)

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

Sec. 11-108. Effective date.

"Effective Date": July 1, 1935, for any city covered by "The 1935 Act" on the date this Article comes in effect; and the date on which any city hereafter for the first time comes under this Article.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-109) (from Ch. 108 1/2, par. 11-109)

Sec. 11-109. Retirement board or board.

"Retirement board" or "board": The Retirement Board of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund created by this Article.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-110) (from Ch. 108 1/2, par. 11-110)

Sec. 11-110. Employee, contributory, contributor or participant.

"Employee", "contributory", "contributor" or "participant":

(a) Any employee of an employer in a position classified by the civil service commission thereof as labor service and who was appointed to such position under the Civil Service Act, other than by temporary appointment as defined in said Act.

(b) Any employee in the service of an employer before the Civil Service Act came into effect for the employer.

(c) Any person employed by the board.

(d) Any person employed by a retirement board of any other

annuity and benefit fund in such city which is on a reserve basis on the effective date or thereafter in operation for the employer, other than the fund created by this Article.

(e) Any person employed after July 31, 1951, by temporary appointment as defined in Section 10 of the Civil Service Act, in a position classified by the Civil Service Commission of the employer as labor service of the employer; or in the case of a city operating under a municipal personnel ordinance, any employee of an employer employed under the provisions of such municipal personnel ordinance as labor service of the employer.

(Source: P.A. 90-31, eff. 6-27-97.)

(40 ILCS 5/11-110.1) (from Ch. 108 1/2, par. 11-110.1)
Sec. 11-110.1. Gender.

The masculine gender whenever used in this Article includes the feminine gender and all annuities and other benefits applicable to male employees and their survivors, and the contributions to be made for widows' annuities or other annuities, benefits, and refunds shall apply with equal force to female employees and their survivors, without any modification or distinction whatsoever.

(Source: P.A. 78-1129.)

(40 ILCS 5/11-111) (from Ch. 108 1/2, par. 11-111)
Sec. 11-111. Present employee.

"Present employee":

(a) Any employee of an employer on the day before the effective date;

(b) Any person who becomes an employee of the board prior to the next January 1st after the effective date who was in service on the day prior to the effective date.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-112) (from Ch. 108 1/2, par. 11-112)
Sec. 11-112. Future entrant.

"Future entrant": any employee of an employer employed for the first time on or after the effective date.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-113) (from Ch. 108 1/2, par. 11-113)
Sec. 11-113. Re-entrant.

"Re-entrant": Any employee who withdraws from service and receives a refund, and thereafter re-enters service prior to age 65.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-114) (from Ch. 108 1/2, par. 11-114)
Sec. 11-114. The service or service.

"The service" or "service": Any employment for which a contributor is entitled to receive monetary compensation from an employer; also any employment of a present employee prior to January 1st of the year following the effective date in a position in which he was entitled to receive monetary compensation from the employer.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-115) (from Ch. 108 1/2, par. 11-115)
Sec. 11-115. Term of service.

"Term of service": All periods of time during which the employee shall perform service as hereinbefore defined.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-116) (from Ch. 108 1/2, par. 11-116)

Sec. 11-116. Salary. "Salary": Annual salary of an employee as follows:

(a) Beginning on the effective date and prior to July 1, 1947, \$3,000 shall be the maximum amount of annual salary of any employee to be considered for the purposes of this Article; and beginning on July 1, 1947 and prior to July 1, 1953 said maximum amount shall be \$4,800; and beginning on July 1, 1953 and prior to July 8, 1957, said maximum amount shall be \$6,000; and beginning on July 8, 1957, if appropriated, fixed or arranged on an annual basis, the actual sum payable during the year if the employee worked the full normal working time in his position, at the rate of compensation, exclusive of overtime and final vacation, appropriated or fixed as salary or wages for service in the position;

(b) If appropriated, fixed or arranged on other than an annual basis, beginning July 8, 1957, the applicable schedules specified in Section 11-217 shall be used for conversion of the salary to an annual basis;

(c) Beginning July 1, 1951, if the city provides lodging for an employee without charge, his salary shall be considered to be \$120 a year more than the amount payable as salary for the year. The salary of an employee for whom daily meals are provided by the city shall be considered to be \$120 a year more for each such daily meal than the amount payable as his salary for the year.

(d) Beginning September 1, 1981, the salary of a person who was or is an employee of a Board of Education on or after that date shall include the amount of employee contributions, if any, picked up by the employer for that employee under Section 11-170.1.

(Source: P.A. 85-964.)

(40 ILCS 5/11-117) (from Ch. 108 1/2, par. 11-117)

Sec. 11-117. Reserve basis.

"Reserve basis": A method for the calculation of annuities from credited sums by recognized actuarial criteria involving a designated mortality table and a specified rate of interest.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-118) (from Ch. 108 1/2, par. 11-118)

Sec. 11-118. Disability.

"Disability": A physical or mental incapacity as the result of which an employee is unable to perform the duties of his assigned position.

(Source: Laws 1963, p. 161.)

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

Sec. 11-119. Injury.

"Injury": A physical hurt resulting from external force or violence.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-120) (from Ch. 108 1/2, par. 11-120)

Sec. 11-120. Withdraws from service, withdrawal from service or withdrawal.

"Withdraws from service", "withdrawal from service" or "withdrawal": Discharge or resignation of an employee. For refund purposes a withdrawal from service shall not be final until 30 days after the effective date of the withdrawal. (Source: Laws 1963, p. 161.)

(40 ILCS 5/11-121) (from Ch. 108 1/2, par. 11-121)
Sec. 11-121. Assets.

"Assets": The total value of cash, securities and other property held. Bonds shall be valued at their amortized book values. (Source: Laws 1963, p. 161.)

(40 ILCS 5/11-122) (from Ch. 108 1/2, par. 11-122)
Sec. 11-122. Age.

"Age": Age at last birthday preceding the date of ascertainment of age under this Article. (Source: Laws 1963, p. 161.)

(40 ILCS 5/11-123) (from Ch. 108 1/2, par. 11-123)

Sec. 11-123. Effective rate of interest, interest at the effective rate or interest.

"Effective rate of interest", "interest at the effective rate" or "interest": Interest at 4% per annum for an employee who was a contributor on January 1, 1952; and at 3% per annum for an employee who becomes a contributor after January 1, 1952. In all cases involving reserves, credits, transfers, and charges, "effective rate of interest", "interest at the effective rate" or "interest" shall be applied at these rates. (Source: Laws 1963, p. 161.)

(40 ILCS 5/11-124) (from Ch. 108 1/2, par. 11-124)
Sec. 11-124. Annuity.

"Annuity": Equal monthly payments for life, unless terminated earlier under Section 11-148, 11-152, 11-153, or 11-230.

For annuities taking effect before January 1, 1998, the first payment shall be due and payable one month after the occurrence of the event upon which payment of the annuity depends. Until August 1, 1999, payment shall be made for any part of a monthly period in which death of the annuitant occurs. Beginning August 1, 1999, all payments shall be made on the first day of the calendar month and shall be for the entire calendar month, without proration. The last payment shall be made on the first day of the calendar month in which the annuity payment period ends. A pro rata amount shall be paid for that part of the month from the July 1999 annuity payment date through July 31, 1999.

For annuities taking effect on or after January 1, 1998, payments shall be made as of the first day of the calendar month, with the first payment to be made as of the first day of the calendar month coincidental with or next following the first day of the annuity payment period, and the last payment to be made as of the first day of the calendar month in which the annuity payment period ends. For annuities taking effect on or after January 1, 1998, all payments shall be for the entire calendar month, without proration.

For the purposes of this Section, the "annuity payment period" means the period beginning on the day after the occurrence of the event upon which payment of the annuity depends, and ending on the day upon which the death of the annuitant or other event terminating the annuity occurs. (Source: P.A. 90-31, eff. 6-27-97; 91-887, eff. 7-6-00.)

(40 ILCS 5/11-125) (from Ch. 108 1/2, par. 11-125)

Sec. 11-125. Persons to whom article does not apply. (A) This Article does not apply to any of the following persons:

(a) Any person employed prior to August 1, 1951 by such city, or board of education of such city by temporary appointment as defined in Section 10 of the Civil Service Act;

(b) Any person employed by such city or the board of education of such city or the retirement board of any other annuity and benefit fund operating on a reserve basis in such city while he is eligible to contribute thereto;

(c) Any person receiving a pension or annuity other than widow's or child's annuity, from a fund described in subparagraph (b) above;

(d) Any person who enters service at age 65 or over prior to January 1, 1979, or who enters the service at age 70 or more subsequent to January 1, 1979;

(e) Any person transferred to the employment of such city by virtue of the "Exchange of Functions Act, 1957".

(B) The board of trustees may, by resolution, exclude persons who become employees after June 30, 1979 as public service employment program participants 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.

(Source: P.A. 84-159.)

(40 ILCS 5/11-125.1) (from Ch. 108 1/2, par. 11-125.1)

Sec. 11-125.1. (a) Any active member of the General Assembly Retirement System may apply for transfer of his credits and creditable service accumulated under this Fund to the General Assembly System. Such credits and creditable service shall be transferred forthwith. Payment by this Fund to the General Assembly Retirement System shall be made at the same time and shall consist of:

(1) the amounts accumulated to the credit of the applicant, including interest, on the books of the Fund on the date of transfer, but excluding any additional or optional credits, which credits shall be refunded to the applicant; and

(2) municipality credits computed and credited under this Article including interest, on the books of the Fund on the date the member terminated service under the Fund. Participation in this Fund as to any credits transferred under this Section shall terminate on the date of transfer.

(b) An active member of the General Assembly who has service credits and creditable service under the Fund may establish additional service credits and creditable service for periods during which he was an elected official and could have elected to participate but did not so elect. Service credits and creditable service may be established by payment to the fund of an amount equal to the contributions he would have made if he had elected to participate, plus interest to the date of payment.

(c) An active member of the General Assembly may reinstate service and service credits terminated upon receipt of a separation benefit, by payment to the Fund of the amount of the separation benefit plus interest thereon to the date of payment.

(Source: P.A. 80-1419; 80-1438.)

(40 ILCS 5/11-125.2) (from Ch. 108 1/2, par. 11-125.2)

Sec. 11-125.2. Validation of service credits. An active member of the General Assembly having no service credits or creditable service in the Fund, may establish service credit and creditable service for periods during which he was an employee of an employer in an elective office and could have elected to participate in the Fund but did not so elect. Service credits and creditable service may be established by payment to the Fund of an amount equal to the contributions he would have made if he had elected to participate plus interest to the date of payment, together with a like amount as the applicable municipality credits including interest, but the total period of such creditable service that may be validated shall not exceed 8 years.

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

(40 ILCS 5/11-125.3) (from Ch. 108 1/2, par. 11-125.3)

Sec. 11-125.3. (a) Persons otherwise required or eligible to participate in the Fund who elect to continue participation in the General Assembly System under Section 2-117.1 may not participate in the Fund for the duration of such continued participation under Section 2-117.1.

(b) Upon terminating such continued participation, a person may transfer credits and creditable service accumulated under Section 2-117.1 to this Fund, upon payment to the Fund of (1) the amount by which the employer and employee contributions that would have been required if he had participated in this Fund during the period for which credit under Section 2-117.1 is being transferred, plus interest, exceeds the amounts actually transferred under that Section to the Fund, plus (2) interest thereon at 6% per annum compounded annually from the date of such participation to the date of payment.

(Source: P.A. 82-342.)

(40 ILCS 5/11-125.4) (from Ch. 108 1/2, par. 11-125.4)

Sec. 11-125.4. Validation of Service. Every participant in the Fund on the effective date of this amendatory Act of 1983 shall be deemed to have been an employee throughout the entire period of his service during which he was a contributor and participant and for which period of service he is credited with the required contributions to the Fund for annuity purposes. The period or term of service credited shall be based on the applicable provisions of this Article. Any past service credited or annuity granted to any participant and contributor prior to the effective date of this amendatory Act of 1983, based on the service of any participant and contributor prior to or subsequent to the effective date of the "Municipal Personnel Ordinance" of Chicago or the "Illinois Municipal Code" relating to civil service of cities, shall be deemed validly credited or granted for all purposes of this Article.

(Source: P.A. 83-499.)

(40 ILCS 5/11-125.5) (from Ch. 108 1/2, par. 11-125.5)

Sec. 11-125.5. Transfer of creditable service to Article 8, 9 or 13 Fund.

(a) Any city officer as defined in Section 8-243.2 of this Code, any county officer elected by vote of the people (and until March 1, 1993 any other person in accordance with Section 9-121.11) who is a participant in the pension fund established under Article 9 of this Code, and any elected sanitary district commissioner who is a participant in a pension fund established under Article 13 of this Code, may apply for transfer of his credits and creditable service accumulated under this Fund to such Article 8, 9 or 13 fund. Such creditable service shall be transferred forthwith. Payments by this Fund to the Article 8, 9 or 13 fund shall be made at the same time and shall consist of:

(1) the amounts accumulated to the credit of the applicant, including interest, on the books of the Fund on the date of transfer, but excluding any additional or optional credits, which credits shall be refunded to the applicant; and

(2) municipality credits computed and credited under this Article, including interest, on the books of the Fund on the date the applicant terminated service under the Fund.

Participation in this Fund as to any credits transferred under this Section shall terminate on the date of transfer.

(b) Any such elected city officer, county officer or sanitary district commissioner who has credits and creditable service under the Fund may establish additional credits and creditable service for periods during which he could have elected to participate but did not so elect. Credits and creditable service may be established by payment to the Fund of an amount equal to the contributions he would have made if he had elected to participate, plus interest to the date of payment.

(c) Any such elected city officer, county officer or sanitary district commissioner may reinstate credits and creditable service terminated upon receipt of a separation benefit, by payment to the Fund of the amount of the separation benefit plus interest thereon to the date of payment.

(Source: P.A. 86-1488; 87-1265.)

(40 ILCS 5/11-125.6) (from Ch. 108 1/2, par. 11-125.6)

Sec. 11-125.6. Age Discrimination. Notwithstanding any other provisions in this Article, it is the intention of the General Assembly to comply with the federal Age Discrimination in Employment Act of 1967, as amended by the Age Discrimination in Employment Amendments of 1986 and the Omnibus Budget Reconciliation Act of 1986, as required with respect to benefits for older individuals. For this purpose, if required, the following changes shall govern with respect to other Sections of this Article, effective January 1, 1988 unless otherwise specified.

(1) Contributions. Beginning immediately, the spouse contribution shall not cease at age 65, but shall continue during the term of service. Beginning immediately, concurrent

city contributions shall be made during the term of service.

(2) Money purchase accounts "fixed" at age 65. Beginning January 1, 1988, for all purposes, accruals after age 65 for the accounts of those employees who have not withdrawn or retired shall be "unfixed" with interest from the date fixed to January 1, 1988, without any contribution from the time originally fixed until the effective date of this amendatory Act of 1989. Thereafter, all money purchase accounts shall not be "fixed", but shall continue to accrue until time of withdrawal. No contributions are permitted from the time "fixed" until the time "unfixed".

(3) Employee money purchase annuity after age 65. Beginning January 1, 1988, all money purchase annuities shall be computed without limitation for age at time of withdrawal and without being "fixed" at any limiting age.

(4) Disability benefits. Beginning January 1, 1987, the age 70 limitation is removed.

(5) Widows and wives not entitled to annuity. Beginning January 1, 1988, there shall be no requirement that marriage take place before the employee attained age 65. Any "no spouse" refund must be repaid with interest before a spouse annuity is payable.

(6) Children. Beginning January 1, 1988, there shall be no age 65 requirement on the employee age for a child's annuity.

(7) Service credit. Beginning January 1, 1987, service credit shall include any period of disability after age 70 for which the participant receives Workers' Compensation benefits and during which the participant did not receive a disability benefit from the fund but could have except for the age 70 limitation.

(8) Compensation and supplemental annuities. The age condition shall remain at 65.

(9) Accounting. Beginning January 1, 1988, or as soon as practical, the Annuity Payment Fund Accounts and the Prior Service Fund Accounts "fixed" shall be "unfixed" and the appropriate amounts returned to the Salary Deduction Fund Account and the corresponding City Contribution Fund Account.

(10) Refunds. Beginning immediately, there shall be no in-service distribution of a "no spouse" refund. Such distribution, if any, shall be made as otherwise provided. Likewise, there shall be no other refund of deductions after fixed or excess cost. Any "no spouse" refund must be repaid with interest before a spouse annuity is payable.

(11) Re-entry into service. Beginning January 1, 1988, for any re-entry into service after age 65, the employee's money purchase annuity and the widow's money purchase annuity may be recomputed if it is more beneficial to do so.

(12) Membership. Beginning January 1, 1988, the age 70 limitation for membership shall be removed if federal law or regulation should require it. Accordingly, any person age 70 or older may elect to have this Article apply by filing written notice of such intent with the retirement board within 4 months after the date of entering service.

(13) Computation. Benefits using accruals after age 65 will begin to be computed January 1, 1988. No benefits will be recomputed for any annuitant who has withdrawn before January 1, 1988.

(Source: P.A. 86-272.)

(40 ILCS 5/11-125.7) (from Ch. 108 1/2, par. 11-125.7)

Sec. 11-125.7. Transfer to Article 18 system. Any active member of the Judges Retirement System who is eligible to transfer service credit to that System from this Fund under subsection (g) of Section 18-112 may apply for transfer of that service credit to the Judges Retirement System. The credits and creditable service shall be transferred upon application, and shall include payment by this Fund to the Judges Retirement System of:

(1) the amounts accumulated to the credit of the applicant for that service, including interest, on the books of the Fund on the date of transfer; and

(2) the corresponding employer credits computed and credited for that service under this Article, including interest, on the books of the Fund on the date of transfer.

Participation in this Fund as to the credits transferred under this Section shall terminate on the date of transfer.

(Source: P.A. 87-1265.)

(40 ILCS 5/11-125.8)

Sec. 11-125.8. Service as police officer, firefighter, or teacher.

(a) Service rendered by an employee as a police officer and member of the regularly constituted police department of the city, or as a firefighter and regular member of the paid fire department of the city, or as a teacher in the public school system in the city shall be counted, for the purposes of this Article, as service rendered as an employee of the city. Salary received for any such service shall be treated, for the purposes of this Article, as salary received for the performance of duty as an employee.

(b) Credit shall be granted under subsection (a) only if (1) the employee pays to the Fund prior to his or her separation from service an amount equal to the employee contributions that would have been payable for that service, based on the salary actually received, plus interest at the effective rate, and (2) the employee has terminated any credit for that service earned in any other annuity and benefit fund or pension fund in operation in the city for the benefit of police officers, firefighters, or teachers. The amount transferred to the Fund under item (1) of Section 5-233.1, if any, shall be credited against the contributions required under this subsection.

(Source: P.A. 92-599, eff. 6-28-02.)

(40 ILCS 5/11-126) (from Ch. 108 1/2, par. 11-126)

Sec. 11-126. Prior service annuity-When due.

A "Prior Service Annuity" shall be credited to present employees in accordance with "The 1935 Act" for service rendered prior to the effective date.

Each such credit shall be improved by interest at the effective rate during the time the employee is in service until his annuity is fixed. In determining such credit, the employee's annual salary for his entire period of prior service shall be the salary in effect on the effective date.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-127) (from Ch. 108 1/2, par. 11-127)

Sec. 11-127. Age and service annuity.

An "Age and Service Annuity" shall be credited employees for service rendered after the effective date.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-128) (from Ch. 108 1/2, par. 11-128)

Sec. 11-128. Annuities - Present employees and future entrants attaining age 65 in service.

(a) A present employee who attains age 65 or more in service, having age and service and prior service annuity credits sufficient to provide an annuity as of his age at such time equal to the amount he would have had if employee contributions and city contributions had been made in accordance with this Article during his entire term of service until age 65, shall be entitled to such annuity upon withdrawal.

(b) A present employee who attains age 65 or more in service, and who does not have the credits described in paragraph (a), shall be entitled, on the date of withdrawal, to such age and service annuity and prior service annuity provided from the entire sum accumulated to his credit therefor on the date of his withdrawal computed as of his age on such date of withdrawal.

(c) A future entrant who attains age 65 in service shall be entitled, upon withdrawal, to age and service annuity provided from the entire sum accumulated to his credit for such annuity computed as of his age 65.

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

(40 ILCS 5/11-129) (from Ch. 108 1/2, par. 11-129)

Sec. 11-129. Annuities-Present employees and future entrants-Withdrawal after age 60 and prior to 65.

An employee who attains age 60 or more but less than 65 in service, upon withdrawal, shall be entitled to annuity as follows:

1. Present Employee--age and service and prior service annuities provided from the total sum accumulated to his credit for such annuities on the date of withdrawal, computed as of his age on such date of withdrawal.

2. Future entrant--age and service annuity provided from the total sum accumulated to his credit for such annuity on the date of withdrawal, computed as of his age on such date of withdrawal.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-130) (from Ch. 108 1/2, par. 11-130)

Sec. 11-130. Annuities - Present employees and future entrants - Withdrawal after age 55 and prior to 60. An employee who attains age 55 or more but less than age 60 in service having 10 or more years of service at date of withdrawal shall be entitled to annuity, from the date of withdrawal, as follows:

1. Present employee and future entrant with 20 or more years of service-age and service annuity provided from the total sum accumulated to his credit from employee contributions and city contributions for such annuity, and, for a present employee, prior service annuity from the total sum accumulated to his credit for such annuity.

2. Present employee and future entrant with 10 or more but less than 20 years of service-age and service annuity provided

from the total sum accumulated to his credit for such annuity from employee contributions plus 1/10 of the accumulation for such annuity from city contributions for each year of service after the first 10 years and in addition, in the case of a present employee, 1/10 of the prior service annuity accumulated to his credit under "The 1935 Act" and this Article, for each year of service after the first 10 years.

Any such annuity shall be computed as of the employee's age on the date of withdrawal.

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

(40 ILCS 5/11-131) (from Ch. 108 1/2, par. 11-131)

Sec. 11-131. Annuities - Present employees and future entrants - Withdrawal before age 55. An employee who withdraws after 10 years of service before age 55 and attains age 55 while out of service, shall be entitled to annuity, after attainment of age 55, as follows:

1. Present employee and future entrant with 20 or more years of service-age and service annuity provided from the total sum accumulated to his credit from employee contributions and city contributions for such annuity, and, in addition in the case of a present employee, prior service annuity from the total sum accumulated to his credit for such annuity.

2. Present employee and future entrant with 10 or more but less than 20 years of service-age and service annuity provided from the total sum accumulated to his credit for such annuities from employee contributions plus 1/10 of the city contributions for each year of service after the first 10 years and in addition, in the case of a present employee, 1/10 of the total sum accumulated to his credit for prior service annuity under "The 1935 Act" and this Article, for each year of service after the first 10 years.

Any such annuity shall be computed as though the employee were age 55 when granted regardless of his actual age at the time of application for annuity. An employee shall not be entitled to annuity for any period between the date he attained age 55 and the date of application for annuity.

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

(40 ILCS 5/11-132) (from Ch. 108 1/2, par. 11-132)

Sec. 11-132. Annuities-Re-entry into service. Annuity in excess of that fixed in Sections 11-129, 11-130 and 11-131 shall not be granted to any employee described therein, unless he reentered service before age 65. If such re-entry occurs, his annuity shall be provided in accordance with Sections 11-128 to 11-131, inclusive, whichever are applicable.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-133) (from Ch. 108 1/2, par. 11-133)

Sec. 11-133. Service after time of fixing annuity.

Service rendered after the time of fixing an annuity shall not be considered for age and service annuity or prior service annuity.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-133.1) (from Ch. 108 1/2, par. 11-133.1)

Sec. 11-133.1. Early retirement incentive.

(a) To be eligible for the benefits provided in this

Section, an employee must:

(1) be a current contributor to the Fund who, on November 1, 1992, is (i) in active payroll status as an employee or (ii) receiving ordinary or duty disability benefits under Section 11-155 or 11-156;

(2) have not previously retired under this Article;

(3) file with the Board before June 1, 1993, a written application requesting the benefits provided in this Section;

(4) withdraw from service on or after December 31, 1992 and on or before June 30, 1993;

(5) have attained age 55 on or before the date of withdrawal;

(6) by the date of withdrawal, have at least 10 years of creditable service in this Fund and a total of at least 15 years of creditable service in one or more of the participating systems under the Retirement Systems Reciprocal Act, without including any creditable service established under this Section.

A person is not eligible for the benefits provided in this Section if the person elects to receive a retirement annuity calculated under the alternative formula formerly set forth in Section 20-122.

(b) An eligible employee may establish up to 5 years of creditable service under this Section, in increments of one month, by making the contributions specified in subsection (d). An eligible person must establish at least the amount of creditable service necessary to bring his or her total creditable service, including service in this Fund, service established under this Section, and service in any of the other participating systems under the Retirement Systems Reciprocal Act, to a minimum of 20 years.

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

(c) An eligible employee shall be entitled to have his or her retirement annuity calculated in accordance with the formula provided in Section 11-134, but with the following exceptions:

(1) The annuity shall not be subject to reduction because of withdrawal or commencement of the annuity before attainment of age 60.

(2) The annuity shall be subject to a maximum of 80% of the employee's highest average annual salary for any 4 consecutive years within the last 10 years of service, rather than the 75% maximum otherwise provided in Section 11-134.

(d) For each month of creditable service established under this Section, the employee must pay to the Fund an employee contribution, to be calculated by the Fund, equal to 4.25% of the member's monthly salary rate on November 1, 1992. The employee may elect to pay the entire contribution before the retirement annuity commences, or to have it deducted from the annuity over a period not longer than 24 months. If the retired employee dies before the contribution has been paid in full, the unpaid installments may be deducted from any annuity or other benefit payable to the employee's survivors.

All employee contributions paid under this Section shall

be deemed contributions made by employees for annuity purposes under Section 11-169 and shall be made and credited to a special reserve, without interest. Employee contributions paid under this Section may be refunded under the same terms and conditions as are applicable to other employee contributions for retirement annuity.

(e) Notwithstanding Section 11-161, an annuitant who reenters service under this Article after receiving a retirement annuity based on benefits provided under this Section thereby forfeits the right to continue to receive those benefits, and shall have his or her retirement annuity recalculated at the appropriate time without the benefits provided in this Section.

(Source: P.A. 87-1265.)

(40 ILCS 5/11-133.2)

Sec. 11-133.2. Early retirement incentive.

(a) To be eligible for the benefits provided in this Section, an employee must:

(1) be a current contributor to the Fund who, on November 1, 1997, is (i) in active payroll status as an employee or (ii) receiving ordinary or duty disability benefits under Section 11-155 or 11-156;

(2) have not previously retired under this Article;

(3) file with the Board before June 1, 1998, a written application requesting the benefits provided in this Section;

(4) withdraw from service on or after December 31, 1997 and on or before June 30, 1998; and

(5) by the date of withdrawal: (i) have attained age 55 with at least 10 years of creditable service in this Fund and a total of at least 15 years of creditable service in one or more of the participating systems under the Retirement Systems Reciprocal Act, without including any creditable service established under this Section; or (ii) have attained age 50 with at least 10 years of creditable service in this Fund and a total of at least 30 years of creditable service in one or more of the participating systems under the Retirement Systems Reciprocal Act, without including any creditable service established under this Section.

A person is not eligible for the benefits provided in this Section if the person elects to receive a retirement annuity calculated under the alternative formula formerly set forth in Section 20-122.

(b) An eligible employee may establish up to 5 years of creditable service under this Section, in increments of one month, by making the contributions specified in subsection (d). An eligible person must establish at least the amount of creditable service necessary to bring his or her total creditable service, including service in this Fund, service established under this Section, and service in any of the other participating systems under the Retirement Systems Reciprocal Act, to a minimum of 20 years.

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

(c) An eligible employee shall be entitled to have his or

her retirement annuity calculated in accordance with the formula provided in Section 11-134, but with the following exceptions:

(1) The annuity shall not be subject to reduction because of withdrawal or commencement of the annuity before attainment of age 60.

(2) The annuity shall be subject to a maximum of 80% of the employee's highest average annual salary for any 4 consecutive years within the last 10 years of service, rather than the 75% maximum otherwise provided in Section 11-134.

(d) For each month of creditable service established under this Section, the employee must pay to the Fund an employee contribution, to be calculated by the Fund, equal to 4.25% of the member's monthly salary rate on November 1, 1997. The employee may elect to pay the entire contribution before the retirement annuity commences, or to have it deducted from the annuity over a period not longer than 24 months. If the retired employee dies before the contribution has been paid in full, the unpaid installments may be deducted from any annuity or other benefit payable to the employee's survivors.

All employee contributions paid under this Section shall be deemed contributions made by employees for annuity purposes under Section 11-169 and shall be made and credited to a special reserve, without interest. Employee contributions paid under this Section may be refunded under the same terms and conditions as are applicable to other employee contributions for retirement annuity.

(e) Notwithstanding Section 11-161, an annuitant who reenters service under this Article after receiving a retirement annuity based on benefits provided under this Section thereby forfeits the right to continue to receive those benefits, and shall have his or her retirement annuity recalculated at the appropriate time without the benefits provided in this Section.

(Source: P.A. 90-511, eff. 8-22-97.)

(40 ILCS 5/11-133.3)

Sec. 11-133.3. Early retirement incentive.

(a) To be eligible for the benefits provided in this Section, an employee must:

(1) have been a contributor to the Fund who (i) on October 15, 2003, was in active payroll status as an employee; (ii) returns to active payroll status from an approved leave of absence prior to December 15, 2003; (iii) on October 15, 2003, is receiving ordinary or duty disability benefits under Section 11-155 or 11-156 or (iv) has been subjected to an involuntary termination or layoff by the employer and restored to service by his or her employer prior to January 31, 2004;

(2) have not previously retired under this Article;

(3) file with the Board on or before January 30, 2004, a written election requesting the benefits provided in this Section;

(4) withdraw from service on or after January 31, 2004 and on or before February 29, 2004 (or the date established under subsection (a-5), if applicable); and

(5) by the date of withdrawal or by January 31, 2004, whichever is earlier, have attained age 50 with at least 10 years of creditable service in this Fund, without

including any creditable service established under this Section, and a total of at least 70 combined years of age and creditable service, without including any creditable service established under this Section, in one or more of the participating systems under the Retirement Systems Reciprocal Act.

A person is not eligible for the benefits provided in this Section if the person elects to receive a retirement annuity calculated under the alternative formula formerly set forth in Section 20-122.

(a-5) To ensure that the efficient operation of employers under this Article is not jeopardized by the simultaneous retirement of large numbers of critical personnel, each employer may, for its critical employees, extend the February 29, 2004 deadline for terminating employment under this Article established in subdivision (a)(4) of this Section to a date not later than May 31, 2004 by so notifying the Fund by January 31, 2004.

(b) An eligible employee may establish up to 5 years of creditable service under this Section, in increments of one month, by making the contributions specified in subsection (d). In addition, for each month of creditable service established under this Section, a person's age at retirement shall be deemed to be one month older than it actually is, except for determination of eligibility for automatic annual increases under Sections 11-134.1 and 11-134.3. Furthermore, an eligible employee must establish at least the amount of age and creditable service necessary to bring his or her age and total creditable service, including service in this Fund, service established under this Section, and service in any of the other participating systems under the Retirement Systems Reciprocal Act, to a minimum that will satisfy the requirements of Section 11-134.

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

(c) An eligible employee shall be entitled to have his or her retirement annuity calculated in accordance with the formula provided in Section 11-134, except that the annuity shall not be subject to reduction because of withdrawal or commencement of the annuity before attainment of age 60.

(d) For each month of creditable service established under this Section, the employee must pay to the Fund an employee contribution, to be calculated by the Fund, equal to 4.25% of the member's monthly salary rate on October 15, 2003. The employee may elect to pay the entire contribution before the retirement annuity commences, or to have it deducted from the annuity over a period not longer than 24 months. If the retired employee dies before the contribution has been paid in full, the unpaid installments may be deducted from any annuity or other benefit payable to the employee's survivors.

All employee contributions paid under this Section shall not be deemed contributions made by employees for annuity purposes under Section 11-169, and shall be made and credited to a special reserve, without interest. Employee contributions paid under this Section may be refunded under the same terms and conditions as are applicable to other employee contributions for retirement annuity.

(e) Notwithstanding Section 11-161, an annuitant who reenters service under this Article after receiving a retirement annuity based on benefits provided under this Section thereby forfeits the right to continue to receive those benefits, and shall have his or her retirement annuity recalculated at the appropriate time without the benefits provided in this Section.

(f) No employer action in declaring an employee to be a critical employee pursuant to subsection (a-5) shall be construed as an impairment of any pension benefit or entitlement. No early retirement option or resultant benefit conferred under this Section shall, in any manner, vest for any employee until the earlier date of the employer's decision to release the employee from service or May 31, 2004. (Source: P.A. 93-654, eff. 1-16-04.)

(40 ILCS 5/11-133.4)

Sec. 11-133.4. Early retirement incentive for employees who have earned maximum pension benefits.

(a) A person who is eligible for the benefits provided under Section 11-133.3 and who, if he or she had retired on or before February 29, 2004, would have been entitled to a pension equal to 80% of his or her highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding February 29, 2004 without receiving the benefits provided in Section 11-133.3, may elect, by filing a written election with the Fund by January 30, 2004, to receive a lump sum from the Fund equal to 100% of his or her salary on February 29, 2004 or the date of withdrawal, whichever is earlier. To be eligible to receive the benefit provided under this Section, the person must withdraw from service on or after January 31, 2004 and on or before February 29, 2004 (or the date established under subsection (b), if applicable). If a person elects to receive the benefit provided under this Section, his or her retirement annuity otherwise payable under Section 11-134 shall be reduced by an amount equal to the actuarial equivalent of the lump sum.

(b) To ensure that the efficient operation of employers under this Article is not jeopardized by the simultaneous retirement of large numbers of critical personnel, each employer may, for its critical employees, extend the February 29, 2004 deadline for terminating employment under this Article established in subdivision (a) of this Section to a date not later than May 31, 2004 by so notifying the Fund by January 31, 2004.

(Source: P.A. 93-654, eff. 1-16-04.)

(40 ILCS 5/11-134) (from Ch. 108 1/2, par. 11-134)

Sec. 11-134. Minimum annuities.

(a) An employee whose withdrawal occurs after July 1, 1957 at age 60 or over, with 20 or more years of service, (as service is defined or computed in Section 11-216), for whom the age and service and prior service annuity combined is less than the amount stated in this Section, shall, from and after the date of withdrawal, in lieu of all annuities otherwise provided in this Article, be entitled to receive an annuity for life of an amount equal to 1 2/3% for each year of service, of the highest average annual salary for any 5 consecutive years within the last 10 years of service

immediately preceding the date of withdrawal; provided, that in the case of any employee who withdraws on or after July 1, 1971, such employee age 60 or over with 20 or more years of service, shall be entitled to instead receive an annuity for life equal to 1.67% for each of the first 10 years of service; 1.90% for each of the next 10 years of service; 2.10% for each year of service in excess of 20 but not exceeding 30; and 2.30% for each year of service in excess of 30, based on the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal.

An employee who withdraws after July 1, 1957 and before January 1, 1988, with 20 or more years of service, before age 60, shall be entitled to an annuity, to begin not earlier than age 55, if under such age at withdrawal, as computed in the last preceding paragraph, reduced 0.25% if the employee was born before January 1, 1936, or 0.5% if the employee was born on or after January 1, 1936, for each full month or fractional part thereof that his attained age when such annuity is to begin is less than 60.

Any employee born before January 1, 1936 who withdraws with 20 or more years of service, and any employee with 20 or more years of service who withdraws on or after January 1, 1988, may elect to receive, in lieu of any other employee annuity provided in this Section, an annuity for life equal to 1.80% for each of the first 10 years of service, 2.00% for each of the next 10 years of service, 2.20% for each year of service in excess of 20, but not exceeding 30, and 2.40% for each year of service in excess of 30, of the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal, to begin not earlier than upon attained age of 55 years, if under such age at withdrawal, reduced 0.25% for each full month or fractional part thereof that his attained age when annuity is to begin is less than 60; except that an employee retiring on or after January 1, 1988, at age 55 or over but less than age 60, having at least 35 years of service, or an employee retiring on or after July 1, 1990, at age 55 or over but less than age 60, having at least 30 years of service, or an employee retiring on or after the effective date of this amendatory Act of 1997, at age 55 or over but less than age 60, having at least 25 years of service, shall not be subject to the reduction in retirement annuity because of retirement below age 60.

However, in the case of an employee who retired on or after January 1, 1985 but before January 1, 1988, at age 55 or older and with at least 35 years of service, and who was subject under this subsection (a) to the reduction in retirement annuity because of retirement below age 60, that reduction shall cease to be effective January 1, 1991, and the retirement annuity shall be recalculated accordingly.

Any employee who withdraws on or after July 1, 1990, with 20 or more years of service, may elect to receive, in lieu of any other employee annuity provided in this Section, an annuity for life equal to 2.20% for each year of service if withdrawal is before January 1, 2002, or 2.40% for each year of service if withdrawal is on or after January 1, 2002, of the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal, to begin not earlier than upon attained

age of 55 years, if under such age at withdrawal, reduced 0.25% for each full month or fractional part thereof that his attained age when annuity is to begin is less than 60; except that an employee retiring at age 55 or over but less than age 60, having at least 30 years of service, shall not be subject to the reduction in retirement annuity because of retirement below age 60.

Any employee who withdraws on or after the effective date of this amendatory Act of 1997 with 20 or more years of service may elect to receive, in lieu of any other employee annuity provided in this Section, an annuity for life equal to 2.20% for each year of service if withdrawal is before January 1, 2002, or 2.40% for each year of service if withdrawal is on or after January 1, 2002, of the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal, to begin not earlier than upon attainment of age 55 (age 50 if the employee has at least 30 years of service), reduced 0.25% for each full month or remaining fractional part thereof that the employee's attained age when annuity is to begin is less than 60; except that an employee retiring at age 50 or over with at least 30 years of service or at age 55 or over with at least 25 years of service shall not be subject to the reduction in retirement annuity because of retirement below age 60.

The maximum annuity payable under this paragraph (a) of this Section shall not exceed 70% of highest average annual salary in the case of an employee who withdraws prior to July 1, 1971, 75% if withdrawal takes place on or after July 1, 1971 and prior to January 1, 2002, or 80% if withdrawal is on or after January 1, 2002. For the purpose of the minimum annuity provided in said paragraphs \$1,500 shall be considered the minimum annual salary for any year; and the maximum annual salary to be considered for the computation of such annuity shall be \$4,800 for any year prior to 1953, \$6,000 for the years 1953 to 1956, inclusive, and the actual annual salary, as salary is defined in this Article, for any year thereafter.

(b) For an employee receiving disability benefit, his salary for annuity purposes under this Section shall, for all periods of disability benefit subsequent to the year 1956, be the amount on which his disability benefit was based.

(c) An employee with 20 or more years of service, whose entire disability benefit credit period expires prior to attainment of age 55 while still disabled for service, shall be entitled upon withdrawal to the larger of (1) the minimum annuity provided above assuming that he is then age 55, and reducing such annuity to its actuarial equivalent at his attained age on such date, or (2) the annuity provided from his age and service and prior service annuity credits.

(d) The minimum annuity provisions as aforesaid shall not apply to any former employee receiving an annuity from the fund, and who re-enters service as an employee, unless he renders at least 3 years of additional service after the date of re-entry.

(e) An employee in service on July 1, 1947, or who became a contributor after July 1, 1947 and prior to July 1, 1950, or who shall become a contributor to the fund after July 1, 1950 prior to attainment of age 70, who withdraws after age 65 with less than 20 years of service, for whom the annuity has been fixed under the foregoing Sections of this Article shall, in lieu of the annuity so fixed, receive an annuity as follows:

Such amount as he could have received had the accumulated amounts for annuity been improved with interest at the effective rate to the date of his withdrawal, or to attainment of age 70, whichever is earlier, and had the city contributed to such earlier date for age and service annuity the amount that would have been contributed had he been under age 65, after the date his annuity was fixed in accordance with this Article, and assuming his annuity were computed from such accumulations as of his age on such earlier date. The annuity so computed shall not exceed the annuity which would be payable under the other provisions of this Section if the employee was credited with 20 years of service and would qualify for annuity thereunder.

(f) In lieu of the annuity provided in this or in any other Section of this Article, an employee having attained age 65 with at least 15 years of service who withdraws from service on or after July 1, 1971 and whose annuity computed under other provisions of this Article is less than the amount provided under this paragraph shall be entitled to receive a minimum annual annuity for life equal to 1% of the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding retirement for each year of his service plus the sum of \$25 for each year of service. Such annual annuity shall not exceed the maximum percentages stated under paragraph (a) of this Section of such highest average annual salary.

(f-1) Instead of any other retirement annuity provided in this Article, an employee who has at least 10 years of service and withdraws from service on or after January 1, 1999 may elect to receive a retirement annuity for life, beginning no earlier than upon attainment of age 60, equal to 2.2% if withdrawal is before January 1, 2002, or 2.4% for each year of service if withdrawal is on or after January 1, 2002, of final average salary for each year of service, subject to a maximum of 75% of final average salary if withdrawal is before January 1, 2002, or 80% if withdrawal is on or after January 1, 2002. For the purpose of calculating this annuity, "final average salary" means the highest average annual salary for any 4 consecutive years in the last 10 years of service. Notwithstanding any provision of this subsection to the contrary, the "final average salary" for a participant that received credit under item (3) of subsection (c) of Section 11-215 means the highest average salary for any 4 consecutive years (or any 8 consecutive years if the employee first became a participant on or after January 1, 2011) in the 10 years immediately prior to the leave of absence, and adding to that highest average salary, the product of (i) that highest average salary, (ii) the average percentage increase in the Consumer Price Index during each 12-month calendar year for the calendar years during the participant's leave of absence, and (iii) the length of the leave of absence in years, provided that this shall not exceed the participant's salary at the local labor organization. For purposes of this Section, the Consumer Price Index is the Consumer Price Index for All Urban Consumers for all items published by the United States Department of Labor.

(g) Any annuity payable under the preceding subsections of this Section 11-134 shall be paid in equal monthly installments.

(h) The amendatory provisions of part (a) and (f) of this

Section shall be effective July 1, 1971 and apply in the case of every qualifying employee withdrawing on or after July 1, 1971.

(h-1) The changes made to this Section by Public Act 92-609 (increasing the retirement formula to 2.4% per year of service and increasing the maximum to 80%) apply to persons who withdraw from service on or after January 1, 2002, regardless of whether that withdrawal takes place before the effective date of that Act. In the case of a person who withdraws from service on or after January 1, 2002 but begins to receive a retirement annuity before July 1, 2002, the annuity shall be recalculated, with the increase resulting from Public Act 92-609 accruing from the date the retirement annuity began. The changes made by Public Act 92-609 control over the changes made by Public Act 92-599, as provided in Section 95 of P.A. 92-609.

(i) The amendatory provisions of this amendatory Act of 1985 relating to the discount of annuity because of retirement prior to attainment of age 60 and increasing the retirement formula for those born before January 1, 1936, shall apply only to qualifying employees withdrawing on or after August 16, 1985.

(j) Beginning on January 1, 1999, the minimum amount of employee's annuity shall be \$850 per month for life for the following classes of employees, without regard to the fact that withdrawal occurred prior to the effective date of this amendatory Act of 1998:

(1) any employee annuitant alive and receiving a life annuity on the effective date of this amendatory Act of 1998, except a reciprocal annuity;

(2) any employee annuitant alive and receiving a term annuity on the effective date of this amendatory Act of 1998, except a reciprocal annuity;

(3) any employee annuitant alive and receiving a reciprocal annuity on the effective date of this amendatory Act of 1998, whose service in this fund is at least 5 years;

(4) any employee annuitant withdrawing after age 60 on or after the effective date of this amendatory Act of 1998, with at least 10 years of service in this fund.

The increases granted under items (1), (2) and (3) of this subsection (j) shall not be limited by any other Section of this Act.

(Source: P.A. 97-651, eff. 1-5-12; 98-756, eff. 7-16-14.)

(40 ILCS 5/11-134.1) (from Ch. 108 1/2, par. 11-134.1)
Sec. 11-134.1. Automatic increase in annuity.

(a) An employee who retired or retires from service after December 31, 1963, and before January 1, 1987, having attained age 60 or more, shall, in the month of January of the year following the year in which the first anniversary of retirement occurs, have the amount of his then fixed and payable monthly annuity increased by 1 1/2%, and such first fixed annuity as granted at retirement increased by a further 1 1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%. Beginning January, 1984, such increases shall be at the rate of 3%. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including

any increases previously granted under this Article. An employee who retires on annuity after December 31, 1963 and before January 1, 1987, but prior to age 60, shall receive such increases beginning with January of the year immediately following the year in which he attains the age of 60 years.

An employee who retires from service on or after January 1, 1987 shall, upon the first annuity payment date following the first anniversary of the date of retirement, or upon the first annuity payment date following attainment of age 60, whichever occurs later, have his then fixed and payable monthly annuity increased by 3%, and such annuity shall be increased by an additional 3% of the original fixed annuity on the same date each year thereafter. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article.

(a-5) Notwithstanding the provisions of subsection (a), upon the first annuity payment date following (1) the third anniversary of retirement, (2) the attainment of age 53, or (3) January 1, 2002, whichever occurs latest, the monthly annuity of an employee who retires on annuity prior to the attainment of age 60 and has not received an increase under subsection (a) shall be increased by 3%, and the annuity shall be increased by an additional 3% of the current payable monthly annuity, including any increases previously granted under this Article, on the same date each year thereafter. The increases provided under this subsection are in lieu of the increases provided in subsection (a).

(a-6) Notwithstanding the provisions of subsections (a) and (a-5), for all calendar years following the year in which this amendatory Act of the 93rd General Assembly takes effect, an increase in annuity under this Section that would otherwise take effect at any time during the year shall instead take effect in January of that year.

(b) Subsections (a), (a-5), and (a-6) are not applicable to an employee retiring and receiving a term annuity, as defined in this Article, nor to any otherwise qualified employee who retires before he shall have made employee contributions (at the 1/2 of 1% rate as hereinafter provided) for the purposes of this additional annuity for not less than the equivalent of one full year. Such employee, however, shall make arrangement to pay to the fund a balance of such 1/2 of 1% contributions, based on his final salary, as will bring such 1/2 of 1% contributions, computed without interest, to the equivalent of or completion of one year's contributions.

Beginning with the month of January, 1964, each employee shall contribute by means of salary deductions 1/2 of 1% of each salary payment, concurrently with and in addition to the employee contributions otherwise made for annuity purposes.

Each such additional employee contribution shall be credited to an account in the prior service annuity reserve, to be used, together with city contributions, to defray the cost of the specified annuity increments. Any balance as of the beginning of each calendar year existing in such account shall be credited with interest at the rate of 3% per annum.

Such employee contributions shall not be subject to refund, except to an employee who resigns or is discharged and applies for refund under this Article, and also in cases where a term annuity becomes payable.

In such cases the employee contributions shall be refunded

him, without interest, and charged to the aforementioned account in the prior service annuity reserve.

(b-5) Notwithstanding any provision of this Section to the contrary:

(1) A person retiring after the effective date of this amendatory Act of the 98th General Assembly shall not be eligible for an annual increase under this Section until one full year after the date on which such annual increase otherwise would take effect under this Section.

(2) Except for persons eligible under subdivision (4) of this subsection for a minimum annual increase, there shall be no annual increase under this Section in years 2017, 2019, and 2025.

(3) In all other years, beginning January 1, 2015, the Fund shall pay an annual increase to persons eligible to receive one under this Section, in lieu of any other annual increase provided under this Section (but subject to the minimum increase under subdivision (4) of this subsection, if applicable) in an amount equal to the lesser of 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 of the person's last annual annuity amount prior to January 1, 2015, or if the person was not yet receiving an annuity on that date, then this calculation shall be based on his or her originally granted annual annuity amount.

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.

(4) A person is eligible under this subdivision (4) to receive a minimum annual increase in a particular year if: (i) the person is otherwise eligible to receive an annual increase under subdivision (3) of this subsection, and (ii) the annual amount of the annuity payable at the time of the increase, including all increases previously received, is less than \$22,000.

Beginning January 1, 2015, for a person who is eligible under this subdivision (4) to receive a minimum annual increase in the year 2017, 2019, or 2025, the annual increase shall be 1% of the person's last annual annuity amount prior to January 1, 2015, or if the person was not yet receiving an annuity on that date, then 1% of his or her originally granted annual annuity amount.

Beginning January 1, 2015, for any other year in which a person is eligible under this subdivision (4) to receive a minimum annual increase, the annual increase shall be as specified under subdivision (3), but not less than 1% of the person's last annual annuity amount prior to January 1, 2015 or, if the person was not yet receiving an annuity on that date, then not less than 1% of his or her originally granted annual annuity amount.

For the purposes of Section 1-103.1, this subsection (b-5) is applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 98th General Assembly. This subsection (b-5) applies to any former employee who on or after the

effective date of this amendatory Act of the 98th General Assembly is receiving a retirement annuity and is eligible for an automatic annual increase under this Section.

(Source: P.A. 98-641, eff. 6-9-14.)

(40 ILCS 5/11-134.2) (from Ch. 108 1/2, par. 11-134.2)
Sec. 11-134.2. Reversionary annuity.

(a) An employee, prior to retirement on annuity, may elect to take a lesser amount of annuity and provide, with the actuarial value of the amount by which his annuity is reduced, a reversionary annuity for a wife, husband, parent, child, brother or sister. The option shall be exercised by filing a written designation with the board prior to retirement, and may be revoked by the employee at any time before retirement. The death of the employee prior to his retirement shall automatically void the option.

(b) The death of the designated reversionary annuitant prior to the employee's retirement shall automatically void the option. If the reversionary annuitant dies after the employee's retirement, and before the death of the employee annuitant, the reduced annuity being paid to the retired employee annuitant shall be increased to the amount of annuity before reduction for the reversionary annuity and no reversionary annuity shall be payable.

The option is subject to the further condition that no reversionary annuity shall be paid to a parent, child, brother, or sister if the employee dies before the expiration of 365 days from the date his written designation was filed with the board, even though he has retired and is receiving a reduced annuity.

(c) The employee exercising this option shall not reduce his retirement annuity by more than \$400 per month, or elect to provide a reversionary annuity of less than \$50 per month. No option shall be permitted if the reversionary annuity for a widow, when added to the widow's annuity payable under this Article, exceeds 100% of the reduced annuity payable to the employee.

(d) A reversionary annuity shall begin on the day following the death of the annuitant and shall be paid as provided in Section 11-124.

(e) The increases in annuity provided in Section 11-134.1 of this Article shall, as to an employee so electing a reduced annuity, relate to the amount of the original annuity, and such amount shall constitute the annuity on which such increases shall be based.

(f) For annuities elected after June 30, 1983, the amount of the monthly reversionary annuity shall be determined by multiplying the amount of the monthly reduction in the employee's annuity by the factor in the following table based on the age of the employee and the difference in the age of the employee and the age of the reversionary annuitant at the starting date of the employee's annuity:

		Employee's Age							
Reversionary Annuitant's									
Age		50-51	52-54	55-57	58-60	61-63	64-66	67-69	70 & Over
30 or more years									

younger 25-29 years	3.03	2.56	2.18	1.84	1.55	1.29	1.08	0.91
younger 20-24 years	3.16	2.68	2.29	1.94	1.63	1.37	1.15	0.97
younger 15-19 years	3.35	2.85	2.44	2.07	1.75	1.48	1.25	1.06
younger 10-14 years	3.60	3.08	2.65	2.26	1.92	1.63	1.39	1.19
younger 5-9 years	3.96	3.40	2.94	2.53	2.16	1.85	1.59	1.37
younger 0-4 years	4.46	3.84	3.35	2.90	2.51	2.16	1.88	1.64
younger 1-5 years	5.15	4.47	3.93	3.44	3.00	2.61	2.29	2.02
older 6-10 years	6.12	5.36	4.76	4.21	3.71	3.26	2.88	2.56
older 11-15 years	7.48	6.61	5.93	5.30	4.71	4.16	3.70	3.29
older 16-20 years	9.37	8.35	7.58	6.83	6.11	5.40	4.82	4.32
older 21-25 years	11.99	10.78	9.84	8.93	8.02	7.13	6.43	5.87
older 26-30 years	15.59	14.06	12.91	11.82	10.73	9.66	8.88	8.35
older 31 or more years	20.42	18.49	17.15	15.96	14.80	13.65	12.97	12.82
older	27.07	24.72	23.34	22.32	21.45	20.62	20.85	23.28

(Source: P.A. 90-31, eff. 6-27-97; 90-766, eff. 8-14-98; 91-887, 7-6-00.)

(40 ILCS 5/11-134.3) (from Ch. 108 1/2, par. 11-134.3)

Sec. 11-134.3. Automatic increases in annuity for certain heretofore retired participants.

(a) A retired employee who (i) is receiving annuity based on a service credit of 20 or more years regardless of age at retirement or based on a service credit of 15 or more years with retirement at age 55 or over, and (ii) does not qualify for the automatic increases in annuity provided for in Section 11-134.1 of this Article, and (iii) elects to make a contribution to the Fund at a time and manner prescribed by the Retirement Board, of a sum equal to 1% of the amount of final monthly salary times the number of full years of service on which the annuity was based in those cases where the annuity was computed on the money purchase formula, and in those cases in which the annuity was computed under the minimum annuity formula provisions of this Article a sum equal

to 1% of the average monthly salary on which the annuity was based times such number of full years of service, shall have his original fixed and payable monthly amount of annuity increased in January of the year following the year in which he attains the age of 65 years, if such age of 65 years is attained in the year 1969 or later, by an amount equal to 1 1/2%, and by an equal additional 1 1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%. Beginning January, 1984, such increases shall be at the rate of 3%. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article.

In those cases in which the retired employee receiving annuity has attained the age of 66 or more years in the year 1969, he shall have such annuity increased in January of the year 1970 by an amount equal to 1 1/2% multiplied by the number equal to the number of months of January elapsing from and including January of the year immediately following the year he attained the age of 65 years if retired at or prior to age 65, or from and including January of the year immediately following the year of retirement if retired at an age greater than 65 years, to and including January of the year 1970, and by an equal additional 1 1/2% in January of each year thereafter. Beginning with January of the year 1972, such increases shall be at the rate of 2% in lieu of the aforesaid specified 1 1/2%. Beginning January, 1984, such increases shall be at the rate of 3%. Beginning in January of 1999, such increases shall be at the rate of 3% of the currently payable monthly annuity, including any increases previously granted under this Article.

(b) To defray the annual cost of such increases, the annual interest income of the Fund, accruing from investments held by the Fund, exclusive of gains or losses on sales or exchanges of assets during the year, over and above 4% a year, shall be used to the extent necessary and available to finance the cost of such increases for the following year, and such amount shall be transferred as of the end of each year, beginning with the year 1969, to a Fund account designated as the Supplementary Payment Reserve from the Investment and Interest Reserve set forth in Sec. 11-210. The sums contributed by annuitants as provided for in this Section shall also be placed in the aforesaid Supplementary Payment Reserve and shall be applied for and used for the purposes of such Fund account, together with the aforesaid interest.

In the event the monies in the Supplementary Payment Reserve in any year arising from: (1) the available interest income as defined hereinbefore and accruing in the preceding year above 4% a year and (2) the contributions by retired persons, as set forth hereinbefore, are insufficient to make the total payments to all persons estimated to be entitled to the annuity increases specified hereinbefore, then (3) any interest earnings over 4% a year beginning with the year 1969 which were not previously used to finance such increases and which were transferred to the Prior Service Annuity Reserve may be used to the extent necessary and available to provide sufficient funds to finance such increases for the current year, and such sums shall be transferred from the Prior Service Annuity Reserve.

In the event the total monies available in the Supplementary Payment Reserve from the preceding indicated sources are insufficient to make the total payments to all persons entitled to such increases for the year, a proportionate amount computed as the ratio of the monies available to the total of the total payments for that year shall be paid to each person for that year.

The Fund shall be obligated for the payment of the increases in annuity as provided for in this Section only to the extent that the assets for such purpose, as specified herein, are available.

(b-5) Notwithstanding any provision of this Section to the contrary:

(1) Except for persons eligible under subdivision (3) of this subsection for a minimum annual increase, there shall be no annual increase under this Section in years 2017, 2019, and 2025.

(2) In all other years, beginning January 1, 2015, the Fund shall pay an annual increase to persons eligible to receive one under this Section, in lieu of any other annual increase provided under this Section (but subject to the minimum increase under subdivision (3) of this subsection, if applicable) in an amount equal to the lesser of 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 of the person's last annual annuity amount prior to January 1, 2015.

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.

(3) A person is eligible under this subdivision (3) to receive a minimum annual increase in a particular year if: (i) the person is otherwise eligible to receive an annual increase under subdivision (2) of this subsection, and (ii) the annual amount of the annuity payable at the time of the increase, including all increases previously received, is less than \$22,000.

Beginning January 1, 2015, for a person who is eligible under this subdivision (3) to receive a minimum annual increase in the year 2017, 2019, or 2025, the annual increase shall be 1% of the person's last annual annuity amount prior to January 1, 2015.

Beginning January 1, 2015, for any other year in which a person is eligible under this subdivision (3) to receive a minimum annual increase, the annual increase shall be as specified under subdivision (2), but not less than 1% of the person's last annual annuity amount prior to January 1, 2015.

For the purposes of Section 1-103.1, this subsection (b-5) is applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 98th General Assembly. This subsection (b-5) applies to any former employee who on or after the effective date of this amendatory Act of the 98th General Assembly is receiving a retirement annuity and is eligible for an automatic annual increase under this Section.

(Source: P.A. 98-641, eff. 6-9-14.)

(40 ILCS 5/11-135) (from Ch. 108 1/2, par. 11-135)
Sec. 11-135. Widow's prior service annuity.

A "Widow's Prior Service Annuity" shall be credited for the widow of a male present employee for service prior to the effective date, in accordance with "The 1935 Act" and this Article, payable from and after the death of the employee.

The amount so credited shall be improved by interest at the effective rate during the time the employee is in the service or until the employee attains age 65 or withdraws from the service, whichever event first occurs.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-136) (from Ch. 108 1/2, par. 11-136)
Sec. 11-136. Widow's annuity.

A "Widow's Annuity" shall be credited for the widow of any male employee covering service after the effective date, payable from and after his death.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-137) (from Ch. 108 1/2, par. 11-137)

Sec. 11-137. Widow's annuity-Present employee age 65 on effective date.

The widow of a present employee who attains age 65 or more on or before the effective date is entitled, after his death, to an annuity fixed on the date he becomes age 65.

The annuity shall be that provided on a reversionary annuity basis from the credit for widow's prior service annuity on the effective date.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-138) (from Ch. 108 1/2, par. 11-138)

Sec. 11-138. Widow's annuity-Present employees and future entrants attaining age 65 in service.

The widow of a present employee who attains age 65 while in service after the effective date, or of a future entrant who attains age 65 while in service, is entitled, after the date of his death, to an annuity fixed for the widow of a present employee or future entrant on the date he attains age 65.

The widow is entitled to annuity as follows:

If the employee's withdrawal occurs after age 65 and he enters upon annuity or if the employee's death occurs in the service after his attainment of age 65, the annuity shall be that provided on a reversionary annuity basis from the total sums accumulated to his credit for widow's annuity and (if he was a present employee) widow's prior service annuity on the date he became age 65.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-139) (from Ch. 108 1/2, par. 11-139)

Sec. 11-139. Widow's annuity-Present employees and future entrants-Death in service before 65.

The widow of an employee whose death occurs in service before age 65 shall be entitled to an annuity of an amount provided on a single life annuity basis from the total sum accumulated to his credit for age and service annuity and widow's annuity, plus the credit as of the date of death in

the service for prior service annuity, and widow's prior service annuity if he was a present employee; but no part thereof representing contributions by the city shall be used to provide an annuity in excess of that which she would have had if the employee had lived and remained in service at the rate of his final salary until he became age 65, and the widow's annuity were fixed on a reversionary annuity basis as provided in this Article. The annuity shall be computed as of the date of the employee's death.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-140) (from Ch. 108 1/2, par. 11-140)

Sec. 11-140. Widow's annuity—Present employees and future entrants—Withdrawal after age 60 but before 65.

The widow of an employee who attains age 60 or more but less than age 65 in service and who withdraws from service shall be entitled, after his death, to an annuity fixed as of the date of withdrawal.

The annuity shall be the amount provided on a reversionary annuity basis from the total sums accumulated to his credit for widow's annuity and (if he was a present employee) widow's prior service annuity as of the date of withdrawal.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-141) (from Ch. 108 1/2, par. 11-141)

Sec. 11-141. Widow's annuity - Present employees and future entrants - Withdrawal after age 55 but before 60. The widow of an employee who, (1) attains age 55 or more but less than age 60 in service, and (2) has served 10 or more years and (3) withdraws from service, shall be entitled after his death to an annuity fixed as of the date of withdrawal.

The widow is entitled to receive the amount provided on a reversionary annuity basis from the total sum accumulated to the employee's credit on the date when the annuity was fixed, as follows:

(1) If service is 20 or more years, the total credits for widow's annuity and in addition, if he was a present employee, the total credits for widow's prior service annuity; or

(2) If service is 10 or more but less than 20 years, the total credits for widow's annuity from employee contributions and 1/10 of the total credits for widow's annuity from city contributions for each year of service after the first 10 years, including for the widow of a present employee 1/10 of the total credits for widow's prior service annuity from city contributions for each year of service after the first 10 years.

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

(40 ILCS 5/11-142) (from Ch. 108 1/2, par. 11-142)

Sec. 11-142. Widow's annuity - Present employees and future entrants - Withdrawal before age 55. The widow of an employee who withdraws after 10 or more years of service before age 55 and later attains such age while not in service, shall be entitled after his death to an annuity fixed on the date the employee becomes age 55.

The widow shall be entitled to an amount provided on a reversionary annuity basis from the following sums accumulated to his credit on the date when the annuity is fixed:

(1) If service is 20 or more years, the total credits for

widow's annuity and, in addition, if he was a present employee, the total credits for widow's prior service annuity; or

(2) If service is 10 or more but less than 20 years:

(a) For the widow of a future entrant the total credits for widow's annuity from employee contributions and 1/10 of the total credits for widow's annuity from city contributions for each year of service after the first 10 years;

(b) For the widow of a present employee the total credits for widow's annuity from employee contributions and 1/10 of the total credits for widow's annuity and widow's prior service annuity from city contributions.

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

(40 ILCS 5/11-143) (from Ch. 108 1/2, par. 11-143)

Sec. 11-143. Widow's annuity - Present employees and future entrants - Withdrawal and death before age 55. The widow of an employee with 10 or more years of service who withdraws before age 55 and who dies while out of service before age 55 shall be entitled to an annuity computed on a single life annuity basis at the date of death from the following sums accumulated to his credit:

(1) If service is 20 or more years, the total credits for age and service annuity and widow's annuity, and, in addition, if he was a present employee, the total credits for prior service annuity and widow's prior service annuity; or

(2) If service is 10 or more but less than 20 years, the total credits for age and service annuity and widow's annuity from employee contributions plus 1/10 of the total credits for age and service annuity and widow's annuity from city contributions for each year of service after the first 10 years of service, and, for the widow of a present employee, 1/10 of the total credits for prior service and widow's prior service annuity from city contributions for each year of service after the first 10 years.

No city contributions shall be used for a widow's annuity in excess of that which she would receive if the employee had lived until he attained age 55 and had not re-entered the service and an annuity were fixed for her on a reversionary annuity basis as of her age when her husband would have attained age 55.

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

(40 ILCS 5/11-144) (from Ch. 108 1/2, par. 11-144)

Sec. 11-144. Widow's annuity-Re-entry of employee into service. No annuity in excess of that fixed in accordance with Sections 11-140, 11-141 and 11-142 shall be granted to a widow described in those sections unless the employee re-enters service before age 65, in which case the annuity for his wife shall be fixed as of the date he attains age 65 while in service, or when he again withdraws, whichever first occurs.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-145) (from Ch. 108 1/2, par. 11-145)

Sec. 11-145. Employee's widow's annuity - No contributions or service credits after fixation. No contributions by the employee or the city for an annuity for the widow of an employee shall be made after the date when her annuity has been fixed. No service of an employee rendered after such date

shall be considered for widow's annuity except as herein provided.

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

(40 ILCS 5/11-145.1) (from Ch. 108 1/2, par. 11-145.1)

Sec. 11-145.1. Minimum annuities for widows. The widow otherwise eligible for widow's annuity under other Sections of this Article 11, of an employee hereinafter described, who retires from service or dies while in the service subsequent to the effective date of this amendatory provision, and for which widow the amount of widow's annuity and widow's prior service annuity combined, fixed or provided for such widow under other provisions of said Article 11 is less than the amount hereinafter provided in this section, shall, from and after the date her otherwise provided annuity would begin, in lieu of such otherwise provided widow's and widow's prior service annuity, be entitled to the following indicated amount of annuity:

(a) The widow of any employee who dies while in service on or after the date on which he attains age 60 if the death occurs before July 1, 1990, or on or after the date on which he attains age 55 if the death occurs on or after July 1, 1990, with at least 20 years of service, or on or after the date on which he attains age 50 if the death occurs on or after the effective date of this amendatory Act of 1997 with at least 30 years of service, shall be entitled to an annuity equal to one-half of the amount of annuity which her deceased husband would have been entitled to receive had he withdrawn from the service on the day immediately preceding the date of his death, conditional upon such widow having attained age 60 on or before such date if the death occurs before July 1, 1990, or age 55 if the death occurs on or after July 1, 1990, or age 50 if the death occurs on or after January 1, 1998 and the employee is age 50 or over with at least 30 years of service or age 55 or over with at least 25 years of service. Except as provided in subsection (j), the widow's annuity shall not, however, exceed the sum of \$500 a month if the employee's death in service occurs before January 23, 1987. The widow's annuity shall not be limited to a maximum dollar amount if the employee's death in service occurs on or after January 23, 1987.

If the employee dies in service before July 1, 1990, and if such widow of such described employee shall not be 60 or more years of age on such date of death, the amount provided in the immediately preceding paragraph for a widow 60 or more years of age, shall, in the case of such younger widow, be reduced by 0.25% for each month that her then attained age is less than 60 years if the employee was born before January 1, 1936, or dies in service on or after January 1, 1988, or 0.5% for each month that her then attained age is less than 60 years if the employee was born on or after January 1, 1936 and dies in service before January 1, 1988.

If the employee dies in service on or after July 1, 1990, and if the widow of the employee has not attained age 55 on or before the employee's date of death, the amount otherwise provided in this subsection (a) shall be reduced by 0.25% for each month that her then attained age is less than 55 years; except that if the employee dies in service on or after January 1, 1998 at age 50 or over with at least 30 years of service or at age 55 or over with at least 25 years of

service, there shall be no reduction due to the widow's age if she has attained age 50 on or before the employee's date of death, and if the widow has not attained age 50 on or before the employee's date of death the amount otherwise provided in this subsection (a) shall be reduced by 0.25% for each month that her then attained age is less than 50 years.

(b) The widow of any employee who dies subsequent to the date of his retirement on annuity, and who so retired on or after the date on which he attained age 60 if retirement occurs before July 1, 1990, or on or after the date on which he attained age 55 if retirement occurs on or after July 1, 1990, with at least 20 years of service, or on or after the date on which he attained age 50 if the retirement occurs on or after the effective date of this amendatory Act of 1997 with at least 30 years of service, shall be entitled to an annuity equal to one-half of the amount of annuity which her deceased husband received as of the date of his retirement on annuity, conditional upon such widow having attained age 60 on or before the date of her husband's retirement on annuity if retirement occurs before July 1, 1990, or age 55 if retirement occurs on or after July 1, 1990, or age 50 if the retirement on annuity occurs on or after January 1, 1998 and the employee is age 50 or over with at least 30 years of service or age 55 or over with at least 25 years of service. Except as provided in subsection (j), this widow's annuity shall not, however, exceed the sum of \$500 a month if the employee's death occurs before January 23, 1987. The widow's annuity shall not be limited to a maximum dollar amount if the employee's death occurs on or after January 23, 1987, regardless of the date of retirement; provided that, if retirement was before January 23, 1987, the employee or eligible spouse repays the excess spouse refund with interest at the effective rate from the date of refund to the date of repayment.

If the date of the employee's retirement on annuity is before July 1, 1990, and if such widow of such described employee shall not have attained such age of 60 or more years on such date of her husband's retirement on annuity, the amount provided in the immediately preceding paragraph for a widow 60 or more years of age on the date of her husband's retirement on annuity, shall, in the case of such then younger widow, be reduced by 0.25% for each month that her then attained age was less than 60 years if the employee was born before January 1, 1936, or withdraws from service on or after January 1, 1988, or 0.5% for each month that her then attained age was less than 60 years if the employee was born on or after January 1, 1936 and withdraws from service before January 1, 1988.

If the date of the employee's retirement on annuity is on or after July 1, 1990, and if the widow of the employee has not attained age 55 by the date of the employee's retirement on annuity, the amount otherwise provided in this subsection (b) shall be reduced by 0.25% for each month that her then attained age is less than 55 years; except that if the employee retires on annuity on or after January 1, 1998 at age 50 or over with at least 30 years of service or at age 55 or over with at least 25 years of service, there shall be no reduction due to the widow's age if she has attained age 50 on or before the employee's date of death, and if the widow has not attained age 50 on or before the employee's date of death the amount otherwise provided in this subsection (b) shall be

reduced by 0.25% for each month that her then attained age is less than 50 years.

(c) The foregoing provisions relating to minimum annuities for widows shall not apply to the widow of any former employee receiving an annuity from the fund on August 2, 1965 or on the effective date of this amendatory provision, who re-enters service as a former employee, unless such employee renders at least 3 years of additional service after the date of re-entry.

(d) (Blank).

(e) (Blank).

(f) The amendments to this Section by this amendatory Act of 1985, relating to changing the discount because of age from 1/2 of 1% to 0.25% per month for widows of employees born before January 1, 1936, shall apply only to qualifying widows whose husbands die while in the service on or after August 16, 1985 or withdraw and enter on annuity on or after August 16, 1985.

(g) Beginning on January 1, 1999, the minimum amount of widow's annuity shall be \$800 per month for life for the following classes of widows, without regard to the fact that the death of the employee occurred prior to the effective date of this amendatory Act of 1998:

(1) any widow annuitant alive and receiving a term annuity on the effective date of this amendatory Act of 1998, except a reciprocal annuity;

(2) any widow annuitant alive and receiving a life annuity on the effective date of this amendatory Act of 1998, except a reciprocal annuity;

(3) any widow annuitant alive and receiving a reciprocal annuity on the effective date of this amendatory Act of 1998, whose employee spouse's service in this fund was at least 5 years;

(4) the widow of an employee with at least 10 years of service in this fund who dies after retirement, if the retirement occurred prior to the effective date of this amendatory Act of 1998;

(5) the widow of an employee with at least 10 years of service in this fund who dies after retirement, if withdrawal occurs on or after the effective date of this amendatory Act of 1998;

(6) the widow of an employee who dies in service with at least 5 years of service in this fund, if the death in service occurs on or after the effective date of this amendatory Act of 1998.

The increases granted under items (1), (2), (3) and (4) of this subsection (g) shall not be limited by any other Section of this Act.

(h) The widow of an employee who retired or died in service on or after January 1, 1985 and before July 1, 1990, at age 55 or older, and with at least 35 years of service credit, shall be entitled to have her widow's annuity increased, effective January 1, 1991, to an amount equal to 50% of the retirement annuity that the deceased employee received on the date of retirement, or would have been eligible to receive if he had retired on the day preceding the date of his death in service, provided that if the widow had not attained age 60 by the date of the employee's retirement or death in service, the amount of the annuity shall be reduced by 0.25% for each month that her then attained age was

less than age 60 if the employee's retirement or death in service occurred on or after January 1, 1988, or by 0.5% for each month that her attained age is less than age 60 if the employee's retirement or death in service occurred prior to January 1, 1988. However, in cases where a refund of excess contributions for widow's annuity has been paid by the Fund, the increase in benefit provided by this subsection (h) shall be contingent upon repayment of the refund to the Fund with interest at the effective rate from the date of refund to the date of payment.

(i) If a deceased employee is receiving a retirement annuity at the time of death and that death occurs on or after June 27, 1997, the widow may elect to receive, in lieu of any other annuity provided under this Article, 50% of the deceased employee's retirement annuity at the time of death reduced by 0.25% for each month that the widow's age on the date of death is less than 55; except that if the employee dies on or after January 1, 1998 and withdrew from service on or after June 27, 1997 at age 50 or over with at least 30 years of service or at age 55 or over with at least 25 years of service, there shall be no reduction due to the widow's age if she has attained age 50 on or before the employee's date of death, and if the widow has not attained age 50 on or before the employee's date of death the amount otherwise provided in this subsection (i) shall be reduced by 0.25% for each month that her age on the date of death is less than 50 years. However, in cases where a refund of excess contributions for widow's annuity has been paid by the Fund, the benefit provided by this subsection (i) is contingent upon repayment of the refund to the Fund with interest at the effective rate from the date of refund to the date of payment.

(j) For widows of employees who died before January 23, 1987 after retirement on annuity or in service, the maximum dollar amount limitation on widow's annuity shall cease to apply, beginning with the first annuity payment after the effective date of this amendatory Act of 1997; except that if a refund of excess contributions for widow's annuity has been paid by the Fund, the increase resulting from this subsection (j) shall not begin before the refund has been repaid to the Fund, together with interest at the effective rate from the date of the refund to the date of repayment.

(k) In lieu of any other annuity provided in this Article, an eligible spouse of an employee who dies in service on or after January 1, 2002 (regardless of whether that death in service occurs prior to the effective date of this amendatory Act of the 93rd General Assembly) with at least 10 years of service shall be entitled to an annuity of 50% of the minimum formula annuity earned and accrued to the credit of the employee at the date of death. For the purposes of this subsection, the minimum formula annuity earned and accrued to the credit of the employee is equal to 2.40% for each year of service of the highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of death, up to a maximum of 80% of the highest average annual salary. This annuity shall not be reduced due to the age of the employee or spouse. In addition to any other eligibility requirements under this Article, the spouse is eligible for this annuity only if the marriage was in effect for 10 full years or more.

(Source: P.A. 92-599, eff. 6-28-02; 93-654, eff. 1-16-04.)

(40 ILCS 5/11-146) (from Ch. 108 1/2, par. 11-146)

Sec. 11-146. Compensation annuity and supplemental annuity.

When annuity otherwise provided in this Article for the widow of an employee whose death results solely from injury incurred in the performance of an act of duty is less than 60% of his salary in effect at the time of the injury, "Compensation Annuity" equal to the difference between such annuity and 60% of such salary, shall be payable to her until the date when the employee, if alive, would have attained age 65; and in any case where the employee's death is only partly due to the duty incurred injury, the "Compensation Annuity" shall be based on an amount equal to 40% of such salary.

Thereafter, the widow shall be entitled to "Supplemental Annuity" equal to the difference between the annuity otherwise provided in this Article and the annuity to which she would be entitled if the employee had lived and continued in the service at the salary in effect at the date of injury until he attained age 65, and based upon her age as it would be on the date he would have attained 65.

"Compensation" or "Supplemental Annuity" shall not be payable unless the widow was the wife of the employee when the injury was incurred.

The city shall contribute to the fund each year the amount required for all Compensation Annuities. Supplemental Annuity shall be provided from city contributions after the date of the employee's death, of such equal sums annually, which when improved by interest at the effective rate, will be sufficient, at the time payment of Compensation Annuity to the widow ceases to provide Supplemental Annuity, as stated, for the widow throughout her life thereafter.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-147) (from Ch. 108 1/2, par. 11-147)

Sec. 11-147. Widows or wives not entitled to annuity. The following widows or wives of employees have no right to annuity from the fund:

(a) The wife or widow, married subsequent to the effective date, of an employee who dies in service if she was not married to him before he attained age 65;

(b) The wife or widow, married subsequent to the effective date, of an employee who withdraws whether or not he enters upon annuity, and who dies while out of service, if she was not his wife while he was in service and before he attained age 65;

(c) The wife or widow of an employee with 10 or more years of service whose death occurs out of and after he has withdrawn from service, and who has received a refund of his contributions for annuity purposes;

(d) The wife or widow of an employee with less than 10 years of service who dies out of service after he has withdrawn from service before he attained age 65;

(e) The former wife or widow of an employee whose judgment of dissolution of marriage has been vacated or set aside after the employee's death, unless the proceedings to vacate or set aside the judgment were filed in court within 5 years after the entry thereof and within 1 year after the employee's death, and unless the board is made a party defendant to such

proceedings;

(f) The wife or widow who married an employee while he was in receipt of disability benefit from this fund unless he re-entered and rendered service subsequent to such marriage for a period of at least 1 year or died while in service.
(Source: P.A. 81-1536.)

(40 ILCS 5/11-148) (from Ch. 108 1/2, par. 11-148)

Sec. 11-148. Widow's remarriage. A widow's annuity shall terminate when she remarries if the marriage takes place before the date 60 days after the effective date of this amendatory Act of the 91st General Assembly. If a widow remarries 60 or more days after the effective date of this amendatory Act of the 91st General Assembly, the widow's annuity shall continue without interruption.

When a widow dies, if she has not received, in the form of an annuity, an amount equal to the total sum accumulated to his credit from employee's contributions and applied for the widow's annuity, the difference between such accumulated annuity credits and the amount received by her in annuity payments shall be refunded to her, provided, that if a reversionary annuity is payable if to her, or to any other person designated by the employee, such aforesaid amount shall not be refunded but the reversionary annuity shall be payable. If there is any child of the employee who is under 18 years of age, the part of any such amount that is required to pay an annuity to the child shall be transferred to the child's annuity reserve. In making refunds under this Section, no interest shall be paid upon either the total of annuity payments made or the amounts subject to refund. Any refund shall be paid according to the provisions of Section 11-166.
(Source: P.A. 91-887, eff. 7-6-00.)

(40 ILCS 5/11-148.1) (from Ch. 108 1/2, par. 11-148.1)

Sec. 11-148.1. Annuities to survivors of female employees.

All provisions of this Article relating to annuities or benefits to a widow, minor children or other survivors of a male employee shall apply with equal force to a surviving spouse, children or other eligible survivors of a female employee, including credits for the several annuity purposes, refunds and death benefits, without any modification or distinction whatsoever.
(Source: P.A. 78-1129.)

(40 ILCS 5/11-149) (from Ch. 108 1/2, par. 11-149)

Sec. 11-149. Maximum annuities.

(1) The annuities to an employee and his widow are subject to the following limitations:

(a) No age and service annuity or age and service and prior service annuity combined in excess of 60% of highest salary of an employee and no minimum annuity in excess of the annuity provided in Section 11-134 or set forth as a maximum in any other Section of this Code relating to minimum annuities for employees included under Article 11 of this Code shall be payable to any employee excepting to the extent that the annuity may exceed such per cent or amount under Section 11-134.1 and 11-134.3 providing for automatic increases after retirement.

(b) No annuity in excess of 60% of such highest

salary shall be payable to a widow if death of an employee resulted from injury incurred in the performance of duty; provided, the annuity to a widow, or a widow's annuity plus compensation annuity shall not exceed \$500 per month if the employee's death occurs before January 23, 1987, except as provided in paragraph (d). The widow's annuity, or a widow's annuity plus compensation annuity, shall not be limited to a maximum dollar amount if the employee's death occurs on or after January 23, 1987, regardless of the date of injury.

(c) No annuity in excess of 50% of such highest salary shall be payable to a widow in the case of death of an employee from any cause other than injury incurred in the performance of duty; provided, the annuity to a widow, or a widow's annuity plus supplemental annuity, shall not exceed \$500 per month if the employee's death occurs before January 23, 1987, except as provided in paragraph (d). The widow's annuity, or widow's annuity plus supplemental annuity, shall not be limited to a maximum dollar amount if the employee's death occurs on or after January 23, 1987.

(d) For widows of employees who died before January 23, 1987 after retirement on annuity or in service, the maximum dollar amount limitation on widow's annuity (or widow's annuity plus compensation or supplemental annuity) shall cease to apply, beginning with the first annuity payment after the effective date of this amendatory Act of 1997; except that if a refund of excess contributions for widow's annuity has been paid by the Fund, the increase resulting from this paragraph (d) shall not begin before the refund has been repaid to the Fund, together with interest at the effective rate from the date of the refund to the date of repayment.

(2) If when an employee's annuity is fixed, the amount accumulated to his credit therefor, as of his age at such time, exceeds the amount necessary for the annuity, all employee contributions for annuity purposes, after the date on which the accumulated sums to the credit of such employee for annuity purposes would first have provided such employee with such amount of annuity as of his age at such date shall be refunded when he enters upon annuity, with interest at the effective rate.

If the aforesaid annuity so fixed is not payable, but a larger amount is payable as a minimum annuity, such refund shall be reduced by 5/12 of the value of the difference in the annuity payable and the amount theretofore fixed as the value of such difference may be at the date and as of the age of the employee when his annuity begins; provided that if the employee was credited with city contributions for any period for which he made no contribution, or a contribution of less than 3 1/4% of salary, a further reduction in the refund shall be made by the equivalent of what he would have contributed during such period less his actual contributions, had the rate of employee contributions in force on the effective date been in effect throughout his entire service, prior to such effective date, with interest computed on such amounts at the effective rate.

(3) If at the time the annuity for a wife is fixed, the employee's credit for a widow's annuity exceeds that necessary to provide the maximum annuity prescribed in this section, all

employee contributions for such widow's annuity for service after the date on which the accumulated sums to the credit of the employee for such annuity purposes would first have provided the wife of such employee with such amount of annuity if such annuity were computed on the basis of the combined annuity mortality table with interest at 3% per annum with ages at date of determination taken as specified in this article, shall be refunded to the employee, with interest at the effective rate.

If the employee was credited with city contributions for widow's annuity for any service prior to the effective date, any amount so refundable, shall be reduced by the equivalent of what he would have contributed, had his contributions for widow's annuity been made at the rate of 1% throughout his entire service, prior to the effective date, with interest on such amounts at the effective rate.

(4) If at the death of an employee prior to age 65, the credit for widow's annuity, exceeds that necessary to provide the maximum annuity prescribed in this section, all employee contributions for annuity purposes, for service after the date on which the accumulated sums to the credit of such employee for annuity purposes would first have provided such widow with such amount of annuity if such annuity were computed on the basis of the combined annuity mortality table with interest at 3% per annum with ages at date of determination taken as specified in this article, shall be refunded to the widow, with applicable interest.

If the employee was credited with city contributions for any period of service during which he was not required to make a contribution, or made a contribution of less than 3 1/4% of salary, the refund shall be reduced by the equivalent of the contributions he would have made during such period, less any amount he contributed, had the rate of employee contributions in effect on the effective date been in force throughout his entire service, prior to the effective date, with applicable interest; provided, that if the employee was credited with city contributions for widow's annuity for any service prior to the effective date, any amount so refundable shall be further reduced by the equivalent of what he would have contributed had he made contributions for widow's annuity at the rate of 1% throughout his entire service, prior to such effective date, with applicable interest.

(Source: P.A. 90-511, eff. 8-22-97.)

(40 ILCS 5/11-150) (from Ch. 108 1/2, par. 11-150)

Sec. 11-150. Mortality tables and interest rates. (a) Any single life annuity fixed or granted to any employee who was a participant on or before January 1, 1952, or any reversionary or single life annuity, fixed for or granted to a wife or widow shall be computed, in the case of the employee as of his attained age when the annuity is fixed or granted, and in the case of the wife or widow, as of employee's age and that of his wife or widow on the date her annuity is fixed or granted, provided that if the wife or widow is older than 5 years the junior of her husband her age shall be assumed 5 years less than his. The American Experience Table of Mortality with interest at 4% per annum shall be used for the computation of the annuity values in this paragraph.

(b) Until August 1, 1983, any single life annuity fixed or granted to any employee who becomes a participant for the

first time after January 1, 1952, or any reversionary or single life annuity, fixed or granted to the wife or widow shall be computed, in the case of the employee as of his attained age when the annuity is fixed or granted, and in the case of the wife or widow her age shall be taken as 4 years younger than her actual age, or 4 years younger than the age of her husband, whichever will produce the lower age, as of the date the employee's or the wife's or widow's annuity is fixed or granted. The Combined Annuity Mortality Table for Male Lives with interest at 3 per cent per annum shall be used for the computation of the single life employee annuity values in this paragraph. Such table shall also be used for the computation of single life widow annuity values and for the computation of the reversionary annuities specified in this paragraph with the female life taken as 4 years less than the male life.

On or after August 1, 1983, any single life annuity fixed or granted to any employee who becomes a participant for the first time after January 1, 1952, or any reversionary or single life annuity, fixed or granted to a wife or widow shall be computed, in the case of an employee as of his attained age when the annuity is fixed or granted, and in the case of the wife or widow her age shall be taken as the lower of her actual age or the age of her husband as of the date the employee's or wife's or widow's annuity is fixed or granted. The Combined Annuity Mortality Table for Male Lives with interest at 3% per annum shall be used for the computation of the single life employee and widow annuity values in this paragraph. Such table shall also be used for the computation of the reversionary annuity values specified in this paragraph with the employee life taken as 4 years less than the male life and the spouse life taken as the male life.

(c) All sums credited to any employee for annuity purposes when he withdraws from service before age 55 shall be improved with interest at the effective rate thereafter while he is not in service and has not entered upon annuity until he attains age 65.

(d) The amount of widow's annuity or widow's prior service annuity which shall be fixed for the wife of an employee who is alive shall be calculated as a reversionary annuity derived from the total accumulated sum to the employee's credit for widow's annuity and widow's prior service annuity on the date the annuity is fixed.

(Source: P.A. 84-159.)

(40 ILCS 5/11-151) (from Ch. 108 1/2, par. 11-151)

Sec. 11-151. Computation of interest. For the computation of interest upon any sum contributed by an employee, it shall be assumed that the sum was contributed on the last day of the calendar month in which such contribution was made.

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

(40 ILCS 5/11-152) (from Ch. 108 1/2, par. 11-152)

Sec. 11-152. Term annuities - How computed. In any case in which an employee's credit for an annuity for himself or his widow is insufficient - at the time the annuity is fixed - to provide a life annuity of \$100 a month for the employee or his widow, a term annuity of equal actuarial value of \$100 a month shall be paid for such time as such payments can be made from

such credits for the respective annuities.
(Source: P.A. 79-1154.)

(40 ILCS 5/11-153) (from Ch. 108 1/2, par. 11-153)
Sec. 11-153. Child's annuity.

(a) A "Child's Annuity" shall be payable monthly after the death of an employee parent to an unmarried child until the child's attainment of age 18 or marriage, whichever event shall first occur, under the following conditions, if the child was born or in esse before the employee attained age 65, and before he withdrew from service:

(1) upon death in service from any cause;

(2) upon death of an employee who withdraws from service after age 55 (or after age 50 with at least 30 years of service if withdrawal is on or after June 27, 1997) and who has entered upon or is eligible for annuity. Payment shall be made as provided in Section 11-124.

(b) After July 24, 1967, an adopted child shall be entitled to the same child's annuity benefits provided for natural children in this Article, if:

(1) (Blank); and

(2) the child was adopted before the employee withdrew from service.

(Source: P.A. 95-279, eff. 1-1-08.)

(40 ILCS 5/11-154) (from Ch. 108 1/2, par. 11-154)

Sec. 11-154. Amount of child's annuity. Beginning on the effective date of this amendatory Act of 1997, the amount of a child's annuity shall be \$220 per month for each child while the spouse of the deceased employee parent survives, and \$250 per month for each child when no such spouse survives, and shall be subject to the following limitations:

(1) If the combined annuities for the widow and children of an employee whose death resulted from injury incurred in the performance of duty, or for the children where a widow does not exist, exceed 70% of the employee's final monthly salary, the annuity for each child shall be reduced pro rata so that the combined annuities for the family shall not exceed such limitation;

(2) For the family of an employee whose death is the result of any cause other than injury incurred in the performance of duty, in which the combined annuities for the family exceed 60% of the employee's final monthly salary, the annuity for each child shall be reduced pro rata so that the combined annuities for the family shall not exceed such limitation.

A child's annuity shall be paid to the parent who is providing for the child, unless another person has been appointed the child's legal guardian.

The increase in child's annuity provided by this amendatory Act of 1997 shall apply to all child's annuities being paid on or after the effective date of this amendatory Act of 1997. The limitations on the combined annuities for a family in parts (1) and (2) of this Section do not apply to families of employees who died before the effective date of this amendatory Act of 1997.

(Source: P.A. 90-32, eff. 6-27-97; 90-511, eff. 8-22-97.)

(40 ILCS 5/11-155) (from Ch. 108 1/2, par. 11-155)

Sec. 11-155. Duty disability benefit; Child's disability benefit. An employee who becomes disabled on or after the effective date while under age 65 and prior to January 1, 1979 or while under age 70 after January 1, 1979 as the result of injury incurred on or after the date he has been included under this Article in the performance of an act or acts of duty, shall have a right to receive duty disability benefit, during any period of such disability for which he receives no salary. The benefit shall be 75% of salary at date of injury; provided, that if disability, in any measure, has resulted from any mental disorder, physical defect or disease which existed at the time such injury was sustained the duty disability benefit shall be 50% of salary at date of such injury.

If the employee's duty disability benefit continues for more than 5 years, the benefit shall be increased by 10% on January 1 of the sixth year.

Disablement because of commonly termed heart attacks, or strokes, or any disablement falling within the broad field of coronary involvement or heart disease, shall not be considered to be the result of an accidental injury incurred in the performance of duty.

The employee shall also have a right to receive child's disability benefit of \$10 a month on account of each unmarried child (the issue of the employee) less than age 18. Child's disability benefits shall not exceed 15% of the salary as aforesaid.

If application for duty disability benefit is not filed with the Retirement Board within one year from the date the disability applicant became disabled or last received salary, if salary was continued during the period of disablement, no duty disability benefit shall begin to accrue for any period of time more than one year prior to the date on which the application for disability benefit is received by the Board.

The first payment of duty disability or child's disability benefit shall be made not later than one month after such benefit is granted and each subsequent payment shall be made not later than one month after the last preceding payment.

Duty disability benefit is payable during disability until the employee attains age 65 if the disability commences prior to January 1, 1979. If the disability commences after January 1, 1979 the benefit prescribed herein shall be payable during disability until the employee attains age 65 for disability commencing prior to age 60, or for a period of 5 years or until attainment of age 70, whichever occurs first, for disability commencing at age 60 or older and after January 1, 1979, and child's disability benefit shall be paid to the employee parent of any unmarried child (the issue of the employee) less than age 18, during such time until the child marries or attains age 18. The employee shall thereafter receive such annuity as is otherwise provided in this Article.

Any employee whose duty disability benefit was terminated after January 1, 1979 by reason of his attainment of age 65 and who continues disabled after age 65 may elect before July 1, 1986 to have such benefits resumed beginning at the time of such termination and continuing until termination is required under this Section as amended by this amendatory Act of 1985. The amount payable to any employee for such resumed benefit for any period shall be reduced by the amount of any retirement annuity paid to such employee under this Article

for the same period of time or by any refund paid in lieu of an annuity.

(Source: P.A. 86-1488.)

(40 ILCS 5/11-156) (from Ch. 108 1/2, par. 11-156)

Sec. 11-156. Ordinary disability benefit. An employee, while under age 65 and prior to January 1, 1979, or while under age 70 and after January 1, 1979, who becomes disabled after the effective date as the result of any cause other than injury incurred in the performance of any act or acts of duty, shall be entitled to ordinary disability benefit during such disability, after the first 30 days thereof.

The disability benefit prescribed herein shall cease when the first of the following dates shall occur and the employee, if still disabled, shall thereafter be entitled to such annuity as is otherwise provided in this Article:

(a) the date disability ceases.

(b) the date the disabled employee attains age 65 for disability commencing prior to January 1, 1979.

(c) the date the disabled employee attains 65 for disability commencing prior to attainment of age 60 in the service and after January 1, 1979.

(d) the date the disabled employee attains the age of 70 for disability commencing after attainment of age 60 in the service and after January 1, 1979.

(e) the date the payments of the benefit shall exceed in the aggregate, throughout the employee's service, a period equal to 1/4 of the total service rendered prior to the date of disability but in no event more than 5 years. In computing such total the following periods shall be excluded:

(i) Any period during which the employee received ordinary disability benefit;

(ii) Any period of absence from duty, whether caused by layoff, leave of absence or suspension of employment, or any other reason, unless the board, upon satisfactory evidence, finds that the disability resulted from a cause which existed or occurred prior to such period of absence. No employee who becomes disabled and whose disability begins during absence from duty (other than while on vacation with pay) shall have any right to ordinary disability benefit, except as herein provided, until he recovers from such disability and performs the duties of his position in the service for at least 15 consecutive days, Sundays and holidays excepted, after such recovery.

The first payment shall be made not later than one month after the benefit is granted and each subsequent payment shall be made not later than one month after the last preceding payment.

Ordinary disability benefit shall be 50% of the employee's salary at the date of disability.

For ordinary disability benefits paid before January 1, 2001, before any payment, an amount equal to the sum ordinarily deducted from salary for all annuity purposes for such period for which the ordinary disability benefit is made shall be deducted from such payment and credited to the employee as a deduction from salary for that period. The sums so deducted shall be regarded, for annuity and refund purposes, as an amount contributed by him.

For ordinary disability benefits paid on or after January 1, 2001, the fund shall credit sums equal to the amounts

ordinarily contributed by an employee for annuity purposes for any period during which the employee receives ordinary disability, and those sums shall be deemed for annuity purposes and purposes of Section 11-169 as amounts contributed by the employee. These amounts credited for annuity purposes shall not be credited for refund purposes.

Any employee whose ordinary disability benefit was terminated after January 1, 1979 by reason of his attainment of age 65 and who continues disabled after age 65 may elect before July 1, 1986 to have such benefits resumed beginning at the time of such termination and continuing until termination is required under this Section as amended by this amendatory Act of 1985. The amount payable to any employee for such resumed benefit for any period shall be reduced by the amount of any retirement annuity paid to such employee under this Article for the same period of time or by refund paid in lieu of annuity.

(Source: P.A. 92-599, eff. 6-28-02.)

(40 ILCS 5/11-157) (from Ch. 108 1/2, par. 11-157)

Sec. 11-157. Proof of disability, duty and ordinary.

Proof of duty or ordinary disability shall be furnished to the board by at least one licensed and practicing physician appointed by the board. The board may require other evidence of disability. Each disabled employee who receives duty or ordinary disability benefit shall be examined at least once a year by one or more licensed and practicing physicians appointed by the board. When the disability ceases, the board shall discontinue payment of the benefit, and such employee shall be returned to active service.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-158) (from Ch. 108 1/2, par. 11-158)

Sec. 11-158. When disability benefit not payable.

(a) If an employee receiving duty or ordinary disability benefit refuses to submit to examination by a physician appointed by the board, or fails or refuses to consent to and sign an authorization allowing the board to receive copies of or examine the employee's medical and hospital records, or fails or refuses to provide complete information regarding any other employment for compensation he has received since he has become disabled, he shall have no further right to receive the benefit.

(b) Disability benefit shall not be paid for any time for which the employee receives any part of his salary or while employed by any public body supported in whole or in part by taxation.

(c) Before any action is taken by the Board on an application for a duty disability benefit or a widow's compensation or supplemental benefit, the employee or widow shall file a claim with the employer to establish that the disability or death occurred while the employee was acting within the scope of and in the course of his or her duties.

Any amounts provided to the employee or surviving spouse as temporary total disability payments, permanent total disability payments, a lump sum settlement award, or other payment under the Workers' Compensation Act or the Workers' Occupational Diseases Act shall be applied as an offset to the disability benefit paid by the Fund, whether duty or ordinary,

or any widow compensation or supplemental benefit payable under this Article until a period of time has elapsed when the benefit payable equals the amount of such compensation, payment, or award. The duty disability benefit shall be offset at the rate of the amount of temporary total disability payments or permanent disability payments made under the Workers' Compensation Act or the Workers' Occupational Diseases Act.

If such amounts are not readily determinable or if an employee has not received temporary total disability payments or permanent weekly or monthly payments for the entire period of disability up to the time of the compensation, payment, or award under the Workers' Compensation Act or the Workers' Occupational Diseases Act, the disability benefit paid by the Fund shall be offset by 66 2/3% of the employee's salary on the date of disablement. The offset shall not be greater than the amount of disability benefits due from the Fund. The offset shall be applied until a period of time has elapsed when the benefit payable equals the amount of such compensation, payment, or award. This offset shall not apply to the initial days of disability when workers' compensation would not ordinarily be payable.

The amount of compensation or supplemental annuity payable to a widow shall be offset by any compensation, payment, or award until a period of time has elapsed when the benefit payable equals the amount of such compensation, payment, or award.

If an employee who has been disabled has received ordinary disability from the Fund and also receives any compensation or payment for specific loss, disability, or death under the Workers' Compensation Act or the Workers' Occupational Diseases Act, then the ordinary disability benefit must be repaid to the Fund before any other benefit under this Article may be granted or paid. If no other benefit is applied for, then the ordinary disability is offset according to the provisions of this Section.

The employee and the employer shall provide the Fund, on a timely basis, with the entry of the settlement contract lump sum petition and order settlement of any such lawsuit, including all details of the settlement.

(d) An employee who enters service after December 31, 1987, or an employee who makes application for a disability benefit or applies for a disability benefit for a recurrence of a previous disability, and who, while in receipt of an ordinary or duty disability benefit, assumes any employment for compensation, shall not be entitled to receive any amount of such disability benefit which, when added to his compensation for such employment during disability, plus any amount payable under the provisions of the Workers' Compensation Act or Workers' Occupational Diseases Act, would exceed the rate of salary on which his disability benefit is based.

(Source: P.A. 95-1036, eff. 2-17-09.)

(40 ILCS 5/11-159) (from Ch. 108 1/2, par. 11-159)

Sec. 11-159. Annuity after withdrawal while disabled. An employee whose disability continues after he has received ordinary disability benefit for the maximum period of time prescribed by this Article, and withdraws before age 60 while still so disabled, is entitled to receive annuity of such

amount as can be provided from the total sum accumulated to his credit from employee contributions and city contributions, to be computed as of his age on the date of withdrawal.

The annuity to which his wife shall be entitled upon his death, shall be fixed on the date of his withdrawal. It shall be provided on a reversionary annuity basis from the total sum accumulated to his credit for widow's annuity on the date of such withdrawal.

Upon the death of any such employee while on annuity, if his service was at least 4 years after the date of his original entry, and at least 2 years after the date of his latest re-entry, his unmarried child or children under age 18 shall be entitled to annuity as specified in this Article for children of an employee who retires after age 55, subject to prescribed limitations on total payments to a family of an employee.

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

(40 ILCS 5/11-160) (from Ch. 108 1/2, par. 11-160)
Sec. 11-160. Prior disability.

No disability benefit shall be granted or paid, under this Article, for any disability incurred by an employee before the effective date.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-160.1) (from Ch. 108 1/2, par. 11-160.1)
Sec. 11-160.1. Payments to city.

(a) For the purposes of this Section, "city annuitant" means a person receiving an age and service annuity, a widow's annuity, a child's annuity, or a minimum annuity under this Article as a direct result of previous employment by the City of Chicago ("the city").

(b) The board shall pay to the city, on behalf of the board's city annuitants who participate in any of the city's health care plans, the following amounts:

(1) From July 1, 2003 through June 30, 2008, \$85 per month for each such annuitant who is not eligible to receive Medicare benefits and \$55 per month for each such annuitant who is eligible to receive Medicare benefits.

(2) Beginning July 1, 2008 and until such time as the city no longer provides a health care plan for such annuitants or December 31, 2016, whichever comes first, \$95 per month for each such annuitant who is not eligible to receive Medicare benefits and \$65 per month for each such annuitant who is eligible to receive Medicare benefits.

The payments described in this subsection shall be paid from the tax levy authorized under Section 11-169; such amounts shall be credited to the reserve for group hospital care and group medical and surgical plan benefits, and all payments to the city required under this subsection shall be charged against it.

(c) The city health care plans referred to in this Section and the board's payments to the city under this Section are not and shall not be construed to be pension or retirement benefits for the purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(Source: P.A. 98-43, eff. 6-28-13.)

(40 ILCS 5/11-160.2)

Sec. 11-160.2. Payments to board of education for group health benefits.

(a) Should the Board of Education continue to sponsor a retiree health plan, the board is authorized to pay to the Board of Education, on behalf of each eligible annuitant who chooses to participate in the Board of Education's retiree health benefit plan, the following amounts:

(1) From July 1, 2003 through June 30, 2008, \$85 per month for each such annuitant who is not eligible to receive Medicare benefits and \$55 per month for each such annuitant who is eligible to receive Medicare benefits.

(2) Beginning July 1, 2008 and until such time as the city no longer provides a health care plan for such annuitants or December 31, 2016, whichever comes first, \$95 per month for each such annuitant who is not eligible to receive Medicare benefits and \$65 per month for each such annuitant who is eligible to receive Medicare benefits.

The payments described in this subsection shall be paid from the tax levy authorized under Section 11-169; such amounts shall be credited to the reserve for group hospital care and group medical and surgical plan benefits, and all payments to the Board of Education under this subsection shall be charged against it.

(b) The Board of Education health benefit plan referred to in this Section and the board's payments to the Board of Education under this Section are not and shall not be construed to be pension or retirement benefits for the purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(Source: P.A. 98-43, eff. 6-28-13.)

(40 ILCS 5/11-161) (from Ch. 108 1/2, par. 11-161)

Sec. 11-161. Re-entry into service. (a) When an employee who has withdrawn from service reenters service before age 65, any annuity previously granted and any annuity fixed for his wife shall be cancelled. The employee shall be credited for annuity purposes with sums sufficient to provide annuities equal to those cancelled as of their ages on the date of re-entry; provided, the maximum age of the wife for this purpose shall be as provided in Section 11-150 of this Article.

The sums so credited shall provide for annuities to be fixed and granted in the future. Contributions by the employee and by the city for purposes of this Article shall be made, and when the proper time arrives, as provided in this Article, new annuities based upon the total sum accumulated to his credit for annuity purposes and the entire term of service shall be fixed for the employee and his wife. If the employee's wife is not his wife when he re-enters service, no part of any credits for widow's annuity or widow's prior service annuity at the time annuity for his wife was fixed shall be credited upon re-entry into service, and no such sums shall thereafter be used to provide such annuity.

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

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

(40 ILCS 5/11-162) (from Ch. 108 1/2, par. 11-162)

Sec. 11-162. Re-entry into service - Prior employee. An employee who was not in the service of an employer or the retirement board of any annuity and benefit fund which is on an actuarial reserve basis on the effective date, who was in service prior to that date, and who re-enters service after that date and before age 65, shall not be credited for prior service annuity or widow's prior service annuity on account of service prior to the effective date. The period of service, prior to the effective date, shall, however, be included in computing service for age and service annuity and widow's annuity. Such employee shall be a future entrant for the purposes of this Article.

For any person employed by an employer prior to August 1, 1949, from whose salary deductions were made for the purposes of this Article for the first time after July 31, 1949, any service rendered prior to July 1, 1935, unless he was in service on the day before the effective date, shall not, regardless of any other provisions of this Article, be counted as service for the purposes of this Article.

Contributions by the employee to whom this section applies, and city contributions for age and service annuity and widow's annuity, shall be made as herein provided.

Any person employed by an employer, or retirement board, in which this Article was in force prior to August 1, 1949, who (1) was not a participant in this fund on August 1, 1949, (2) attained age 65 or more on or before July 1, 1950, and (3) fails to qualify as an employee by July 1, 1950, shall not be credited for any annuity purposes under this Article; nor shall any other person so employed, who attains age 65 before July 1, 1950, and before qualifying as an employee, be credited for any annuity purposes under this Article. Such persons shall not be considered employees.

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

(40 ILCS 5/11-163) (from Ch. 108 1/2, par. 11-163)

Sec. 11-163. Restoration of rights. An employee who has withdrawn as a refund the amounts credited for annuity purposes, and who (i) re-enters service of the employer and serves for periods comprising at least 90 days after the date of the last refund paid to him or (ii) has completed at least 2 years of service under a participating system (as defined in the Retirement Systems Reciprocal Act) other than this Fund after the date of the last refund, shall have his annuity rights restored by making application to the board in writing for the privilege of re-instating such rights and by compliance with the following provisions:

(a) After that 90 day or 2 year period, whichever applies, he shall repay in full to the Fund, while in service, all refunds received, together with interest at the effective rate from the application dates of such refund or refunds to the date of repayment.

(b) If payment is not made in a single sum, repayment may be made in installments by deductions from salary or otherwise, in such manner and amounts as the board, by rule, may prescribe, with interest at the effective rate accruing on the unpaid balance. The employee shall be credited with interest at the effective rate from the date

of each installment until full repayment is made.

(c) If the employee withdraws from service or dies in service before full repayment is made, service credit shall be restored in accordance with Section 11-221.2(b).

(d) If the employee withdraws from service or dies in service during the required 90 day or 2 year period, any repayments made shall be refunded, without interest thereon and in accordance with the refund provisions of this Article.

(e) If the employee repays the refund while participating in a participating system (as defined in the Retirement Systems Reciprocal Act) other than this Fund, the service credit restored must be used for a proportional annuity calculated in accordance with the Retirement Systems Reciprocal Act. If not so used, the restored service credit shall be forfeited and the amount of the repayment shall be refunded, without interest.

(Source: P.A. 93-654, eff. 1-16-04.)

(40 ILCS 5/11-164) (from Ch. 108 1/2, par. 11-164)

Sec. 11-164. Refunds - Withdrawal before age 55 or age 62 or with less than 10 years of service.

(1) An employee who first became a member before January 1, 2011, without regard to length of service, who withdraws before age 55, and any employee with less than 10 years of service who withdraws before age 60, shall be entitled to a refund of the total sum accumulated to his credit as of date of withdrawal for age and service annuity and widow's annuity from amounts contributed by him or by the City in lieu of employee contributions during duty disability; provided that such amounts contributed by the city after December 31, 1983 while the employee is receiving duty disability benefits and amounts credited to the employee for annuity purposes by the fund after December 31, 2000 while the employee is receiving ordinary disability benefits shall not be credited for refund purposes.

An employee who first becomes a member on or after January 1, 2011 who withdraws before age 62 without regard to length of service, or who withdraws with less than 10 years of service regardless of age, shall be entitled to a refund of the total sum accumulated to his credit as of date of withdrawal for age and service annuity and widow's annuity provided that such amounts contributed by the city while the employee is receiving duty disability benefits and amounts credited to the employee for annuity purposes by the fund while the employee is receiving ordinary disability benefits shall not be credited for refund purposes.

The board may in its discretion withhold payment of refund for a period not to exceed 6 months from the date of withdrawal. Interest at the effective rate shall be paid on any such refund withheld during such withheld period not to exceed 6 months.

(2) Upon receipt of the refund, the employee surrenders and forfeits all rights to any annuity or other benefits, for himself and for any other persons who might have benefited through him; provided that he may have such period of service counted in computing the term of his service for age and service annuity purposes only if he becomes an employee before age 65.

(3) An employee who does not receive a refund shall have

all amounts to his credit for annuity purposes on the date of his withdrawal improved by interest only until he becomes age 65, while out of service, at the effective rate, for his benefit and the benefit of any person who may have any right to annuity through him if he re-enters the service and attains a right to annuity.

(4) Any such employee shall retain such right to refund of such amounts when he shall apply for same, until he re-enters the service or until the amount of annuity to which he shall have a right shall have been fixed as provided in this Article. Thereafter, no such right shall exist in the case of any such employee.

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

(40 ILCS 5/11-165) (from Ch. 108 1/2, par. 11-165)

Sec. 11-165. Refund of widow's annuity deductions. If a male employee is (1) unmarried when he attains age 65, or (2) married at age 65, and subsequently becomes a widower while still in service, or (3) unmarried upon withdrawal before age 65 and enters upon annuity, the sum accumulated from employee contributions for widow's annuity shall be refunded to him.

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

(40 ILCS 5/11-166) (from Ch. 108 1/2, par. 11-166)

Sec. 11-166. Refunds - When paid to beneficiaries, children or estate. Whenever the total amount accumulated to the account of a deceased employee from employee contributions for annuity purposes have not been paid to him, and in the case of a married male employee to the employee and his widow, both together, in form of annuity before the death of the last of such persons, a refund shall be paid as follows:

An amount equal to the excess of such amounts, over the amount paid on any annuity or annuities, or refund, without interest upon either of such amounts, shall be refunded to a beneficiary theretofore designated by the employee in writing, signed by him before an officer authorized to administer oaths, and filed with the board before the employee's death.

If there is no designated beneficiary or the beneficiary does not survive the employee, the amount shall be refunded to the employee's children, in equal parts, with the children of a deceased child taking the share of their parent. If there is no designated beneficiary or children, the refund shall be paid to the administrator or executor of the employee's estate.

If an administrator or executor of the estate has not been appointed within 90 days from the date the refund became payable, the refund may be applied in the discretion of the board toward the payment of the employee's burial expenses. Any remaining balance shall be paid to the heirs of the employee according to the law of descent and distribution of this State but assuming for the purpose of such payment of refund and determination of heirs that the deceased male employee left no widow of him surviving in those cases where a widow eligible for widow's annuity as his widow survived him and subsequently dies; provided, that if any child or children of the employee are less than age 18, such part or all of any such amount necessary to pay annuities to them shall not be refunded as hereinbefore stated but shall be transferred to the child's annuity reserve and used therein for the payment

of such annuities.
(Source: P.A. 81-1536.)

(40 ILCS 5/11-167) (from Ch. 108 1/2, par. 11-167)

Sec. 11-167. Refunds in lieu of annuity. In lieu of an annuity, an employee who withdraws, and whose annuity would amount to less than \$800 a month for life may elect to receive a refund of the total sum accumulated to his credit from employee contributions for annuity purposes.

The widow of any employee, eligible for annuity upon the death of her husband, whose annuity would amount to less than \$800 a month for life, may, in lieu of a widow's annuity, elect to receive a refund of the accumulated contributions for annuity purposes, based on the amounts contributed by her deceased employee husband, but reduced by any amounts theretofore paid to him in the form of an annuity or refund out of such accumulated contributions.

Accumulated contributions shall mean the amounts including interest credited thereon contributed by the employee for age and service and widow's annuity to the date of his withdrawal or death, whichever first occurs, and including the accumulations from any amounts contributed for him as salary deductions while receiving duty disability benefits; provided that such amounts contributed by the city after December 31, 1983 while the employee is receiving duty disability benefits and amounts credited to the employee for annuity purposes by the fund after December 31, 2000 while the employee is receiving ordinary disability benefits shall not be included.

The acceptance of such refund in lieu of widow's annuity, on the part of a widow, shall not deprive a child or children of the right to receive a child's annuity as provided for in Sections 11-153 and 11-154 of this Article, and neither shall the payment of a child's annuity in the case of such refund to a widow reduce the amount herein set forth as refundable to such widow electing a refund in lieu of widow's annuity.
(Source: P.A. 92-599, eff. 6-28-02; 93-654, eff. 1-16-04.)

(40 ILCS 5/11-168) (from Ch. 108 1/2, par. 11-168)

Sec. 11-168. Refunds-Transfer of city contributions. Whenever any amount is refunded, as provided in Sections 11-164 and 11-165, the amounts to the credit of the employee from contributions by the city, shall be transferred to the prior service annuity reserve. Thereafter any such remaining amounts shall become a credit to the remaining amounts shall become a credit to the city to be used to reduce the amount which the city would otherwise pay during a succeeding year.

Any amounts accumulated from contributions by the City for widow's annuity for any male employee who becomes a widower after he attains age 65, who is paid a refund, shall remain in the annuity payment reserve.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-169) (from Ch. 108 1/2, par. 11-169)

Sec. 11-169. Financing; tax levy.

(a) Except as provided in subsection (f) of this Section, the city council of the city shall levy a tax annually upon all taxable property in the city at the rate that will produce a sum which, when added to the amounts deducted from the salaries of the employees or otherwise contributed by them and

the amounts deposited under subsection (f), will be sufficient for the requirements of this Article. For the years prior to the year 1950 the tax rate shall be as provided for under "The 1935 Act". Beginning with the year 1950 to and including the year 1969 such tax shall be not more than .036% annually of the value, as equalized or assessed by the Department of Revenue, of all taxable property within such city. Beginning with the year 1970 and each year thereafter through levy year 2014, the city shall levy a tax annually at a rate on the dollar of the value, as equalized or assessed by the Department of Revenue of all taxable property within such city that will produce, when extended, not to exceed an amount equal to the total amount of contributions by the employees to the fund made in the calendar year 2 years prior to the year for which the annual applicable tax is levied, multiplied by 1.1 for the years 1970, 1971 and 1972; 1.145 for the year 1973; 1.19 for the year 1974; 1.235 for the year 1975; 1.280 for the year 1976; 1.325 for the year 1977; 1.370 for the years 1978 through 1998; and 1.000 for the year 1999 and for each year thereafter through levy year 2014. Beginning in levy year 2015, and in each year thereafter, the levy shall not exceed the amount of the city's total required contribution to the Fund for the next payment year, as determined under subsection (a-5). For the purposes of this Section, the payment year is the year immediately following the levy year.

The tax shall be levied and collected in like manner with the general taxes of the city, and shall be exclusive of and in addition to the amount of tax the city is now or may hereafter be authorized to levy for general purposes under any laws which may limit the amount of tax which the city may levy for general purposes. The county clerk of the county in which the city is located, in reducing tax levies under the provisions of any Act concerning the levy and extension of taxes, shall not consider the tax herein provided for as a part of the general tax levy for city purposes, and shall not include the same within any limitation of the per cent of the assessed valuation upon which taxes are required to be extended for such city.

Revenues derived from such tax shall be paid to the city treasurer of the city as collected and held by the city treasurer for the benefit of the fund.

If the payments on account of taxes are insufficient during any year to meet the requirements of this Article, the city may issue tax anticipation warrants against the current tax levy.

The city may continue to use other lawfully available funds in lieu of all or part of the levy, as provided under subsection (f) of this Section.

(a-5) Beginning in payment year 2016, the city's required annual contribution to the Fund shall be the lesser of:

(i) (I) for payment years 2016 through 2055, the

annual amount determined by the Fund to be equal to the greater of \$0, or the sum of (1) the City's portion of the projected normal cost for that fiscal year, plus (2) an amount determined on a level percentage of applicable employee payroll basis (reflecting any limits on individual participants' pay that apply for benefit and contribution purposes under this plan) that is sufficient to bring the total actuarial assets of the Fund up to 90% of the total actuarial liabilities of the Fund by the end

of 2055. (II) For payment years after 2055, the annual amount determined by the Fund to be equal to the amount, if any, needed to bring the total actuarial assets of the Fund up to 90% of the total actuarial liabilities of the Fund as of the end of the year. In making the determinations under both (I) and (II), the actuarial calculations shall be determined under the entry age normal actuarial cost method, and any actuarial gains or losses from investment return incurred in a fiscal year shall be recognized in equal annual amounts over the 5-year period following the fiscal year; or

(ii) for payment year 2016, 1.60 times the total amount of contributions made by or on behalf of employees to the Fund for annuity purposes in the calendar year 2013; for payment year 2017, 1.90 times the total amount of contributions made by or on behalf of employees to the Fund for annuity purposes in the calendar year 2014; for payment year 2018, 2.20 times the total amount of contributions made by or on behalf of employees to the Fund for annuity purposes in the calendar year 2015; for payment year 2019, 2.50 times the total amount of contributions made by or on behalf of employees to the Fund for annuity purposes in the calendar year 2016; for payment year 2020, 2.80 times the total amount of contributions made by or on behalf of employees to the Fund for annuity purposes in the calendar year 2017.

However, beginning in the earlier of payment year 2021 or the first payment year in which the annual contribution amount calculated under subdivision (i) is less than the contribution amount calculated under subdivision (ii), and in each year thereafter, the city's required annual contribution to the Fund shall be determined under subdivision (i).

The city's required annual contribution to the Fund may be paid with any available funds and shall be paid by the city to the city treasurer. The city treasurer shall collect and hold those funds for the benefit of the Fund.

(a-10) If the city fails to transmit to the Fund contributions required of it under this Article by December 31st of the year in which such contributions are due, the Fund may, after giving notice to the city, certify to the State Comptroller the amounts of the delinquent payments, and the Comptroller must, beginning in payment year 2016, deduct and deposit into the Fund the certified amounts or a portion of those amounts from the following proportions of grants of State funds to the city:

(1) in payment year 2016, one-third of the total amount of any grants of State funds to the city;

(2) in payment year 2017, two-thirds of the total amount of any grants of State funds to the city; and

(3) in payment year 2018 and each payment year thereafter, the total amount of any grants of State funds to the city.

The State Comptroller may not deduct from any grants of State funds to the city more than the amount of delinquent payments certified to the State Comptroller by the Fund.

(b) On or before July 1, annually, the board shall certify to the city council the annual amounts required under this Article, for which the tax herein provided may be levied for the following year. The board shall compute the amounts necessary for the purposes of this fund to be credited to the

reserves established and maintained as herein provided, and shall make an annual determination of the amount of the required city contributions; and certify the results thereof to the city council.

(c) In respect to employees of the city who are transferred to the employment of a park district by virtue of "Exchange of Functions Act of 1957" the corporate authorities of the park district shall annually levy a tax upon all the taxable property in the park district at such rate per cent of the value of such property, as equalized or assessed by the Department of Revenue, as shall be sufficient, when added to the amounts deducted from their salaries and otherwise contributed by them, to provide the benefits to which they and their dependents and beneficiaries are entitled under this Article. The city shall not levy a tax hereunder in respect to such employees.

The tax so levied by the park district shall be in addition to and exclusive of all other taxes authorized to be levied by the park district for corporate, annuity fund, or other purposes. The county clerk of the county in which the park district is located, in reducing any tax levied under the provisions of any Act concerning the levy and extension of taxes shall not consider such tax as part of the general tax levy for park purposes, and shall not include the same in any limitation of the per cent of the assessed valuation upon which taxes are required to be extended for the park district. The proceeds of the tax levied by the park district, upon receipt by the district, shall be immediately paid over to the city treasurer of the city for the uses and purposes of the fund.

The various sums to be contributed by the city and allocated for the purposes of this Article, and any interest to be contributed by the city, shall be taken from the revenue derived from the taxes authorized in this Section, and no money of such city derived from any source other than the levy and collection of those taxes or the sale of tax anticipation warrants in accordance with the provisions of this Article shall be used to provide revenue for this Article, except as expressly provided in this Section.

If it is not possible for the city to make contributions for age and service annuity and widow's annuity concurrently with the employee's contributions made for such purposes, such city shall make such contributions as soon as possible and practicable thereafter with interest thereon at the effective rate to the time they shall be made.

(d) With respect to employees whose wages are funded as participants under the Comprehensive Employment and Training Act of 1973, as amended (P.L. 93-203, 87 Stat. 839, P.L. 93-567, 88 Stat. 1845), hereinafter referred to as CETA, subsequent to October 1, 1978, and in instances where the board has elected to establish a manpower program reserve, the board shall compute the amounts necessary to be credited to the manpower program reserves established and maintained as herein provided, and shall make a periodic determination of the amount of required contributions from the City to the reserve to be reimbursed by the federal government in accordance with rules and regulations established by the Secretary of the United States Department of Labor or his designee, and certify the results thereof to the City Council. Any such amounts shall become a credit to the City and will be

used to reduce the amount which the City would otherwise contribute during succeeding years for all employees.

(e) In lieu of establishing a manpower program reserve with respect to employees whose wages are funded as participants under the Comprehensive Employment and Training Act of 1973, as authorized by subsection (d), the board may elect to establish a special municipality contribution rate for all such employees. If this option is elected, the City shall contribute to the Fund from federal funds provided under the Comprehensive Employment and Training Act program at the special rate so established and such contributions shall become a credit to the City and be used to reduce the amount which the City would otherwise contribute during succeeding years for all employees.

(f) In lieu of levying all or a portion of the tax required under this Section in any year, the city may deposit with the city treasurer no later than March 1 of that year for the benefit of the fund, to be held in accordance with this Article, an amount that, together with the taxes levied under this Section for that year, is not less than the amount of the city contributions for that year as certified by the board to the city council. The deposit may be derived from any source legally available for that purpose, including, but not limited to, the proceeds of city borrowings. The making of a deposit shall satisfy fully the requirements of this Section for that year to the extent of the amounts so deposited. Amounts deposited under this subsection may be used by the fund for any of the purposes for which the proceeds of the tax levied by the city under this Section may be used, including the payment of any amount that is otherwise required by this Article to be paid from the proceeds of that tax.
(Source: P.A. 98-641, eff. 6-9-14.)

(40 ILCS 5/11-169.1)

Sec. 11-169.1. Funding obligation.

(a) Beginning January 1, 2015, the city shall be obligated to contribute to the Fund in each fiscal year an amount not less than the amount determined annually under subsection (a-5) of Section 11-169 of this Code. Notwithstanding any other provision of law, if the city fails to pay the amount guaranteed under this Section on or before December 31 of the year in which such amount is due, the retirement board may bring a mandamus action in the Circuit Court of Cook County to compel the city to make the required payment, irrespective of other remedies that may be available to the Fund. The obligations and causes of action created under this Section shall be in addition to any other right or remedy otherwise accorded by common law or State or federal law, and nothing in this Section shall be construed to deny, abrogate, impair, or waive any such common law or statutory right or remedy.

(b) In ordering the city to make the required payment, the court may order a reasonable payment schedule to enable the city to make the required payment without significantly imperiling the public health, safety, or welfare. Any payments required to be made by the city pursuant to this Section are expressly subordinated to the payment of the principal, interest, premium, if any, and other payments on or related to any bonded debt obligation of the city, either currently outstanding or to be issued, for which the source of repayment or security thereon is derived directly or indirectly from any

funds collected or received by the city or collected or received on behalf of the city. Payments on such bonded obligations include any statutory fund transfers or other prefunding mechanisms or formulas set forth, now or hereafter, in State law, city ordinance, or bond indentures, into debt service funds or accounts of the city related to such bonded obligations, consistent with the payment schedules associated with such obligations.

(Source: P.A. 98-641, eff. 6-9-14.)

(40 ILCS 5/11-170) (from Ch. 108 1/2, par. 11-170)

Sec. 11-170. Contributions for age and service annuities for present employees, future entrants and re-entrants.

(a) Beginning on the effective date and prior to July 1, 1947, 3 1/4%; and beginning on July 1, 1947 and prior to July 1, 1953, 5%; and beginning July 1, 1953 and prior to January 1, 1972, 6%; and beginning January 1, 1972, 6.5%; and beginning January 1, 2015, and prior to January 1, 2016, 7.0%; and beginning January 1, 2016, and prior to January 1, 2017, 7.5%; and, beginning January 1, 2017, and prior to January 1, 2018, 8.0%; and beginning January 1, 2018, and prior to January 1, 2019, 8.5%; and beginning January 1, 2019, and thereafter, 9.0% of each payment of the salary of each present employee, future entrant and re-entrant shall be contributed to the fund as a deduction from salary for age and service annuity; provided, however, that beginning with the first pay period on or after the date when the funded ratio of the Fund is first determined to have reached the 90% funding goal set forth in subsection (a-5) of Section 11-169 of this Code, and each pay period thereafter for as long as the Fund maintains a funding ratio of 90% or more, employee contributions shall be 7.75% of salary for the age and service annuity. If the funding ratio falls below 90%, then employee contributions for the age and service annuity shall revert to 9.0% of salary until such time as the Fund once again is determined to have reached a funding ratio of at least 90%, at which time employee contributions of 7.75% shall resume for the age and service annuity. Such deductions beginning on the effective date and prior to June 30, 1947, inclusive shall be made for a future entrant while he is in service until he attains age 65, and for a present employee while he is in service until the amount so deducted from his salary with interest at the rate of 4% per annum shall be equal to the sum which would have accumulated to his credit from sums deducted from his salary if deductions at the rate herein stated had been made during his entire service until he attained age 65 with interest at 4% per annum for the period subsequent to his attainment of age 65. Such deductions beginning July 1, 1947 shall be made and continued for employees while in the service.

Notwithstanding Section 1-103.1, the changes to this Section made by this amendatory Act of the 98th General Assembly apply regardless of whether the employee was in active service on or after the effective date of this amendatory Act.

(b) Concurrently with each employee contribution, the city shall contribute beginning on the effective date and prior to July 1, 1947, 5 3/4%; and beginning July 1, 1947 and prior to July 1, 1953, 7%; and beginning July 1, 1953, 6% of each payment of such salary until the employee attains age 65.

(c) Each employee contribution made prior to the date age

and service annuity for an employee is fixed and each corresponding city contribution shall be allocated to the account of and credited to the employee for whose benefit it is made.

(Source: P.A. 98-641, eff. 6-9-14.)

(40 ILCS 5/11-170.1) (from Ch. 108 1/2, par. 11-170.1)
Sec. 11-170.1. Pickup of employee contributions.

(a) The employer may pick up the employee contributions required by Sections 11-156, 11-170, 11-174 and 11-175.1 for salary earned after December 31, 1981. If employee contributions are not picked up, the amount that would have been picked up under this amendatory Act of 1980 shall continue to be deducted from salary. If contributions are picked up they shall be treated as employer contributions in determining tax treatment under the United States Internal Revenue Code; however, the employer shall continue to withhold Federal and state income taxes based upon these contributions until the Internal Revenue Service or the Federal courts rule that pursuant to Section 414(h) of the United States Internal Revenue Code, these contributions shall not be included as gross income of the employee until such time as they are distributed or made available. The employer shall pay these employee contributions from the same source of funds which is used in paying salary to the employee. The employer may pick up these contributions by a reduction in the cash salary of the employee or by an offset against a future salary increase or by a combination of a reduction in salary and offset against a future salary increase. If employee contributions are picked up they shall be treated for all purposes of this Article 11, including Section 11-169, in the same manner and to the same extent as employee contributions made prior to the date picked up.

(b) Subject to the requirements of federal law and the rules of the Board, the Fund may allow the employee to elect to have the employer pick up the optional contributions that the employee has elected to pay to the Fund, and the contributions so picked up shall be treated as employer contributions for the purpose of determining federal tax treatment. The employer shall pick up the contributions by a reduction in the cash salary of the employee and shall pay contributions from the same source of funds that is used to pay earnings of the employee. The election to have the contributions picked up is irrevocable, and the optional contributions may not thereafter be prepaid, by direct payment or otherwise.

If the provision authorizing the optional contribution requires payment by a stated date (rather than the date of withdrawal or retirement), the requirement will be deemed to have been satisfied if (i) on or before the stated date the employee executes a valid irrevocable election to have the contributions picked up under this subsection, and (ii) the picked-up contributions are in fact paid to the Fund as provided in the election.

If employee contributions are picked up under this subsection, they shall be treated for all purposes of this Article 11, including Section 11-169, in the same manner and to the same extent as optional employee contributions made prior to the date picked up.

(Source: P.A. 93-654, eff. 1-16-04.)

(40 ILCS 5/11-171) (from Ch. 108 1/2, par. 11-171)

Sec. 11-171. Additional contributions and credits-All employees.

Any employee in service on July 1, 1947, may elect to make an additional contribution while in service which shall not exceed 7/13 of the sum accumulated for age and service annuity plus interest on July 1, 1947, or at age 65, if he attained such age prior thereto. The time and manner of making such additional contributions shall be prescribed by the board.

Concurrently with each such additional contribution, the city shall contribute 1 and 4/10 times the additional contribution.

These contributions shall be improved at interest at the effective rate, in like manner as other employee and city contributions; provided, that the employee, while in service, may request a refund of all or any part of such contributions, without interest, or shall have them refunded to him, without interest when he retires on annuity or to his widow, if and to the extent they do not serve to increase the annuity otherwise payable to him or to his widow.

By such refund the employee or his widow surrenders and forfeits all rights which might otherwise have accrued by virtue of any amount so refunded, including related city contributions.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-172) (from Ch. 108 1/2, par. 11-172)

Sec. 11-172. Contributions by employee after annuity is fixed.

Any contributions by an employee, after the date when his age and service annuity is fixed, shall not increase the amount of such annuity. Such contributions shall be applied toward the extra cost of a minimum annuity where payable over the amount of age and service annuity. The accumulated sum arising therefrom shall be refunded when the employee withdraws from service if he be not entitled to such minimum annuity, or shall be applied toward the extra cost of such minimum annuity if he is eligible therefor, over the age and service annuity to the extent of such extra cost as provided in Section 11-149. The balance, if any, shall be refunded.

In the event the employee is not entitled to a minimum annuity, or upon death of the employee while in the service after his attainment of age 65 with less than 20 years of service credit at date of death, the accumulated sum arising from employee contributions after his annuity was fixed at age 65 shall be refunded to his widow.

(Source: P.A. 76-1509.)

(40 ILCS 5/11-173) (from Ch. 108 1/2, par. 11-173)

Sec. 11-173. Interest credits-All employees.

Amounts credited for age and service and prior service annuity shall be improved by interest at the effective rate from the end of the month in which the contributions were due during the time thereafter an employee is in service until his annuity is fixed if a present employee or until attainment of age 65 if a future entrant or a re-entrant.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-174) (from Ch. 108 1/2, par. 11-174)

Sec. 11-174. Contributions for widow's annuity for widows of present employees, future entrants and re-entrants.

(a) Beginning on the effective date, 1%, and from and after January 1, 1966, 1 1/2%, of each payment of salary, shall be contributed by each male employee for widow's annuity as a deduction from salary. Deductions shall be continued during service until the employee attains age 65.

(b) Concurrently with each employee contribution, the city shall contribute beginning on the effective date and prior to July 1, 1947, 1 3/4%; and beginning July 1, 1947, 2% of salary.

(c) Each employee contribution made prior to the date when the amount of widow's annuity is fixed and each corresponding city contribution shall be allocated to the account of and credited to the employee for whose benefit it is made.

(Source: Laws 1965, p. 2292.)

(40 ILCS 5/11-175) (from Ch. 108 1/2, par. 11-175)

Sec. 11-175. Widow's annuity interest credits-All employees.

Amounts allocated to the account of and credited for widow's and widow's prior service annuity shall be improved by interest at the effective rate from the end of the month in which such contributions were due during the time thereafter an employee is in service until he attains age 65.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-175.1) (from Ch. 108 1/2, par. 11-175.1)

Sec. 11-175.1. Contributions by female employees. (a) Effective as of October 1, 1974, each female employee shall contribute at the same rates as a male employee for widow's annuity or other benefits, to the end that like credits may be established and maintained for both male and female employees for all purposes of this Article with respect to annuities, benefits, contribution rates, refunds and other provisions of this Article.

(b) Any female employee shall have the option of making contributions for the aforesaid purposes covering the period prior to October 1, 1974, and receiving pension credits therefor, including the concurrent credits from city contributions. Such contributions shall include interest at 4% per annum from the dates such contributions should have been made from the beginning of their service to the dates of payment to the end that equal credits may be provided for all employees under this Article.

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

(40 ILCS 5/11-176) (from Ch. 108 1/2, par. 11-176)

Sec. 11-176. Contributions by city for duty disability benefit. In lieu of all amounts ordinarily contributed by an employee and by the city for age and service annuity, and widow's annuity the city shall contribute sums equal to such amounts for any period during which the employee receives a duty disability benefit under this Article, or a temporary total disability benefit under the Workers' Compensation Act if the disability results from a condition commonly termed heart attack or stroke or any other condition falling within the broad field of coronary involvement or heart disease, to

be credited to the disabled employee for annuity purposes as though he were in active discharge of his duties during any such period of disability.

(Source: P.A. 86-1488.)

(40 ILCS 5/11-177) (from Ch. 108 1/2, par. 11-177)

Sec. 11-177. Contributions by city for ordinary disability benefit.

The city shall contribute all amounts ordinarily contributed by it for annuity purposes for any employee receiving ordinary disability benefit as though he were in active discharge of his duties during such period of disability.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-178) (from Ch. 108 1/2, par. 11-178)

Sec. 11-178. Contributions by city for prior service annuities and other benefits. The city shall make contributions to provide prior service and widow's prior service annuities, and other annuities and benefits, as follows:

1. To credit to the city contribution reserve such amounts required from the city but not contributed by it for age and service and prior service annuities, and widow's annuities and widows' prior service annuities;

2. To meet such part of any minimum annuity as shall be in excess of the age and service annuity and prior service annuity, and to meet such part of any minimum widow's annuity in excess of the amount of widow's annuity and widow's prior service annuity;

3. To provide a sufficient balance in the investment and interest reserve to permit a transfer from that reserve to other reserves of the fund. Whenever the balance of the investment and interest reserve is not sufficient to permit a transfer from that reserve to any other reserve, the city shall contribute sums sufficient to make possible such transfer;

4. An amount equal to the difference between (1) the sum produced by the tax levy stated in Section 11-169 and (2) all sums required for the purposes of this Article 11 in accordance with the provisions of this Article 11 except those stated in this Section, shall be applied for purposes of this Section.

Provided that if in any year such total sums together with all other sums required during such year for the other purposes of the fund, are in excess of the total amount contributed by the city during such year, the sums required for purposes other than those stated in this Section shall first be provided for. The balance shall then be applied for the purposes stated in this Section.

All such contributions shall be credited to the prior service annuity reserve. When the balance of this reserve equals its liabilities (including in addition to all other liabilities, the present values of all annuities, present or prospective, according to the applicable mortality tables and rates of interest, but excluding any liabilities arising under Sections 11-133.3 and 11-133.4), the city shall cease to contribute the sum stated in this Section.

If annexation of territory and the employment by the city of any person employed as a city laborer in any such territory

at the time of annexation, after the city has ceased to contribute as herein provided, results in additional liabilities for prior service annuity and widow's prior service annuity for any such employee, contributions by the city for such purposes shall be resumed.

Notwithstanding any provision in this Section to the contrary, the city shall not make a contribution for credit established by an employee under subsection (b) of Section 11-133.3.

(Source: P.A. 93-654, eff. 1-16-04.)

(40 ILCS 5/11-179) (from Ch. 108 1/2, par. 11-179)

Sec. 11-179. Contribution by city for administration costs. The city shall contribute from revenue derived from taxes herein authorized, the amount necessary to defray costs of administration of the fund. Beginning July 1, 1987, the board shall estimate and approve a budget for the entire cost of administration of the fund required each year to be contributed by the city by its regular January meeting for the current fiscal year.

(Source: P.A. 85-964.)

(40 ILCS 5/11-179.1)

Sec. 11-179.1. Use of contributions for health care subsidies. Except as may be required pursuant to Sections 11-160.1 and 11-160.2 of this Code, the Fund shall not use any contribution received by the Fund under this Article to provide a subsidy for the cost of participation in a retiree health care program.

(Source: P.A. 98-641, eff. 6-9-14.)

(40 ILCS 5/11-180) (from Ch. 108 1/2, par. 11-180)

Sec. 11-180. Estimates of sums required for certain annuities and benefits.

The board shall estimate the amounts required each year to pay for all annuities and benefits and administrative expenses. The amounts shall be paid into the fund annually by the city from the prescribed tax levy.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-181) (from Ch. 108 1/2, par. 11-181)

Sec. 11-181. Board created. A board of 8 members shall constitute the board of trustees authorized to carry out the provisions of this Article. The board shall be known as the Retirement Board of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of the city. The board shall consist of 5 persons appointed and 2 employees and one annuitant elected in the manner hereinafter prescribed.

The appointed members of the board shall be appointed as follows:

One member shall be appointed by the comptroller of the city, who may be himself or anyone chosen from among employees of the city who are versed in the affairs of the comptroller's office; one member shall be appointed by the City Treasurer of the city, who may be himself or a person chosen from among employees of the city who are versed in the affairs of the City Treasurer's office; one member shall be an employee of the city appointed by the president of the local labor organization representing a majority of the employees

participating in the Fund; and 2 members shall be appointed by the civil service commission or the Department of Personnel of the city from among employees of the city who are versed in the affairs of the civil service commission's office or the Department of Personnel.

The member appointed by the comptroller shall hold office for a term ending on December 1st of the first year following the year of appointment. The member appointed by the City Treasurer shall hold office for a term ending on December 1st of the second year following the year of appointment. The member appointed by the civil service commission shall hold office for a term ending on the first day in the month of December of the third year following the year of appointment. The additional member appointed by the civil service commission under this amendatory Act of 1998 shall hold office for an initial term ending on December 1, 2000, and the member appointed by the labor organization president shall hold office for an initial term ending on December 1, 2001. Thereafter each appointive member shall be appointed by the officer or body that appointed his predecessor, for a term of 3 years.

The 2 employee members of the board shall be elected as follows:

Within 30 days from and after the appointive members have been appointed and have qualified, the appointive members shall arrange for and hold an election.

One employee shall be elected for a term ending on December 1st of the first year next following the effective date; one for a term ending on December 1st of the following year.

An employee member who takes advantage of the early retirement incentives provided under this amendatory Act of the 93rd General Assembly may continue as a member until the end of his or her term.

The initial annuitant member shall be appointed by the other members of the board for an initial term ending on December 1, 1999. The annuitant member elected in 1999 shall be deemed to have been elected for a 3-year term ending on December 1, 2002. Thereafter, the annuitant member shall be elected for a 3-year term ending on December 1st of the third year following the election.

(Source: P.A. 93-654, eff. 1-16-04.)

(40 ILCS 5/11-182) (from Ch. 108 1/2, par. 11-182)

Sec. 11-182. Board elections; qualification; oath.

(a) In each year, the board shall conduct a regular election, under rules adopted by it, at least 30 days prior to the expiration of the term of the employee member whose term next expires, for the election of a successor for a term of 3 years. Each employee member and his or her successor shall be an employee who holds a position by certification and appointment as a result of competitive civil service examination as distinguished from temporary appointment, or so holds a position which is not exempt from the classified service or the personnel ordinance of a city that has adopted a career service ordinance, for a period of not less than 5 years prior to date of election. At any such election, all persons who are employees at the time such election is held shall have a right to vote. The ballot shall be of secret character.

(b) The board shall conduct a regular election, under rules adopted by it, at least 30 days prior to the expiration of the term of the annuitant member, for the election of a successor for a term of 3 years. Each annuitant member and his or her successor shall be a former employee receiving a retirement (age and service or prior service) annuity from the Fund. At any such election, all persons who are receiving a retirement (age and service or prior service) annuity from the Fund at the time the election is held have a right to vote. The ballot shall be of secret character.

(c) Any appointive or elective member of the board shall hold office until his or her successor is elected and qualified.

Any person elected or appointed as a member of the board shall qualify for the office by taking an oath of office to be administered by the city clerk or any person designated by the city clerk. A copy thereof shall be kept in the office of the city clerk.

Any appointment shall be in writing and the written instrument shall be filed with the oath.

(Source: P.A. 90-766, eff. 8-14-98; 91-887, eff. 7-6-00.)

(40 ILCS 5/11-183) (from Ch. 108 1/2, par. 11-183)

Sec. 11-183. Board vacancy. A vacancy in the membership of the board shall be filled as follows:

If the vacancy is that of an appointive member, the person or body who appointed the member shall appoint a person to serve for the unexpired term. If the vacancy is that of an elective member, the remaining members of the board shall appoint a successor, who shall be an employee or annuitant (as the case may be) who is qualified to hold the position, to serve during the remainder of the unexpired term.

Any appointive or elective member who leaves the service of the city, other than the annuitant member, shall automatically cease to be a member of the board. If the annuitant member ceases to be an annuitant of the Fund, he or she shall cease to be a member of the board and the position shall be deemed to have become vacant.

(Source: P.A. 90-766, eff. 8-14-98.)

(40 ILCS 5/11-184) (from Ch. 108 1/2, par. 11-184)

Sec. 11-184. Board officers.

The board shall elect annually at its regular December meeting from among its members, by a majority vote of the members voting upon the question, a president, vice-president and a secretary who shall serve, respectively, until a successor is elected. The secretary shall keep a complete record of the proceedings of all board meetings and perform such other duties as the board directs.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-185) (from Ch. 108 1/2, par. 11-185)

Sec. 11-185. Board meetings.

The board shall hold regular meetings in each month and special meetings as it deems necessary. A majority of the members shall constitute a quorum for the transaction of business at any meeting, but no annuity or benefit shall be granted or payments made by the fund unless ordered by a vote of a majority of the board members as shown by roll call

entered upon the official record of the meeting.

All meetings of the board shall be open to the public.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-186) (from Ch. 108 1/2, par. 11-186)

Sec. 11-186. Board powers and duties. The board shall have the powers and duties stated in Sections 11-187 to 11-198, inclusive, in addition to such other powers and duties provided in this Article.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-187) (from Ch. 108 1/2, par. 11-187)

Sec. 11-187. To supervise collections.
To see that all amounts specified in this Article to be applied to the fund, from any source, are collected and applied.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-188) (from Ch. 108 1/2, par. 11-188)

Sec. 11-188. To notify of deductions. To notify the city comptroller and the board of education of the city and any such retirement board concerned of the deductions to be made from the salaries of employees.
(Source: P.A. 81-1536.)

(40 ILCS 5/11-189) (from Ch. 108 1/2, par. 11-189)

Sec. 11-189. To accept gifts.
To accept by gift, grant, bequest or otherwise any money or property of any kind and use the same for the purposes of the fund.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-190) (from Ch. 108 1/2, par. 11-190)

Sec. 11-190. To invest the reserves. To invest the reserves of the fund in accordance with Sections 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114, and 1-115 of this Act. Investments made in accordance with Section 1-113 shall be deemed to be prudent.

The retirement board may sell any security held by it at any time it deems it desirable.

The board may enter into any agreements and execute any documents that it determines to be necessary to complete any investment transaction.

All investments shall be clearly held and accounted for to indicate ownership by the board. The board may direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by a savings and loan association or national or State bank or trust company authorized to conduct a trust business in the State of Illinois.

Investments shall be carried at cost or at book value in accordance with accounting procedures approved by the board. No adjustments shall be made in investment carrying values for ordinary current market price fluctuations, but reserves may be provided to account for possible losses or unrealized gains, as determined by the board.

The book value of investments held by the fund in commingled investment accounts shall be the cost of its units of participation in those commingled accounts as recorded on

the books of the board.

The board of trustees of any fund established under this Article may not transfer its investment authority, nor transfer the assets of the fund, to any other person or entity for the purpose of consolidating or merging its assets and management with any other pension fund or public investment authority, unless the board resolution authorizing that transfer is submitted for approval to the contributors and retirees of the fund at elections held not less than 30 days after the adoption of the resolution by the board and the resolution is approved by a majority of the votes cast on the question in both the contributors election and the retirees election. The election procedures and qualifications governing the election of trustees shall govern the submission of resolutions for approval under this paragraph, insofar as they may be made applicable.

(Source: P.A. 90-31, eff. 6-27-97.)

(40 ILCS 5/11-190.1) (from Ch. 108 1/2, par. 11-190.1)

Sec. 11-190.1. Loan of securities. The Board may lend securities owned by the Fund to a borrower upon such written terms and conditions as may be mutually agreed. Such agreement shall provide that during the period of such loan the Fund shall retain the right to receive, or collect from the borrower, all dividends, interest rights, or any distributions to which the Fund would have otherwise been entitled. The borrower shall deposit with the Fund, as collateral for such loan, cash, U.S. Government securities, or letters of credit equal to the market value of the securities at the time the loan is made, and shall increase the amount of collateral if and when the Fund shall request an additional amount because of subsequent increased market value of the securities.

The period for which the securities may be loaned shall not exceed one year, and the loan agreement may specify earlier termination by either party upon mutually agreed conditions.

(Source: P.A. 86-1488.)

(40 ILCS 5/11-191) (from Ch. 108 1/2, par. 11-191)

Sec. 11-191. To have an audit.

To have an audit of the accounts of the fund made at least once each year by certified public accountants.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-192) (from Ch. 108 1/2, par. 11-192)

Sec. 11-192. To authorize payments.

To authorize or suspend the payment of any annuity or benefit in accordance with this Article. The board shall have exclusive original jurisdiction in all matters relating to or affecting the fund, including, in addition to all other matters, all claims for annuities, pensions, benefits or refunds.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-193) (from Ch. 108 1/2, par. 11-193)

Sec. 11-193. To determine service credits.

To require each employee to file a statement concerning service rendered the employer and the retirement board, prior to the effective date. The board shall make a determination of

the length of such service and establish, from any available information, the period of service rendered prior to the effective date. Such determination shall be conclusive unless the board reconsiders and changes its determination.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-194) (from Ch. 108 1/2, par. 11-194)

Sec. 11-194. To issue certificate of prior service.

To issue a certificate showing the entire period of service rendered by a present employee prior to the effective date and the amounts to his credit, for prior service and widow's prior service annuity.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-195) (from Ch. 108 1/2, par. 11-195)

Sec. 11-195. To submit an annual report.

To submit a report in July of each year to the city council of the city, as of the close of business on December 31st of the preceding year. The report shall contain a detailed statement of the affairs of the fund, its income and expenditures, and assets and liabilities, and the status of the several reserves. The city council shall have the power to require the board to submit such report.
(Source: Laws 1963, p. 161.)

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

Sec. 11-196. To subpoena witnesses.

To compel witnesses to testify before it upon any matter concerning the fund and allow witness fees not in excess of \$6 per day. The president or other members of the board may administer oaths to witnesses.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-197) (from Ch. 108 1/2, par. 11-197)

Sec. 11-197. To appoint employees. To appoint such actuarial, medical, legal, clerical or other employees as are necessary and fix their compensation. The board shall develop procedures for obtaining, by contract or employment, any necessary professional assistance including investment advisors and managers, auditors, actuaries, and medical and legal professionals, for any vacancies which may arise after December 31, 1987.
(Source: P.A. 85-964.)

(40 ILCS 5/11-198) (from Ch. 108 1/2, par. 11-198)

Sec. 11-198. To make rules.

To make rules and regulations necessary for the administration of the fund.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-199) (from Ch. 108 1/2, par. 11-199)

Sec. 11-199. Moneys to be held on deposit. To make the payments authorized by this Article, the board may keep and hold uninvested a sum not in excess of the amounts required to make all annuity payments which become due in the following 90 days. Such sum or any part thereof shall be kept on deposit only in banks or savings and loan associations authorized to do business under the laws of this State. The amount which may be deposited in any bank shall not exceed 25% of its paid up

capital and surplus.

No bank or savings and loan association shall receive investment funds as permitted by this Section, unless it has complied with the requirements, other than the maximum deposit requirement, established pursuant to Section 6 of "An Act relating to certain investments of public funds by public agencies", approved July 23, 1943, as now or hereafter amended.

(Source: P.A. 83-541.)

(40 ILCS 5/11-200) (from Ch. 108 1/2, par. 11-200)

Sec. 11-200. Accounting. An adequate system of accounts and records shall be established to give effect to the requirements of this Article, and shall be maintained in accordance with generally accepted accounting principles. The reserves designated in Sections 11-201 to 11-210, inclusive, shall be maintained. At the end of each year and at any other time when necessary the amounts in such reserves shall be improved by their proper interest accretions.

(Source: P.A. 85-964.)

(40 ILCS 5/11-201) (from Ch. 108 1/2, par. 11-201)

Sec. 11-201. Expense reserve.

Amounts contributed by the city to defray the cost of administration of the fund shall be credited to this reserve. Expenses of administration shall be charged to it.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-202) (from Ch. 108 1/2, par. 11-202)

Sec. 11-202. City contribution reserve. Amounts contributed by the city for age and service annuity, widow's annuity and supplemental annuity (except those contributed in lieu of deductions from the salary of an employee who receives duty disability benefit), and all amounts transferred to this reserve from the investment and interest reserve, shall be credited to this reserve.

An individual account shall be kept in this reserve for each employee and each widow for which the city shall contribute for supplemental annuity to which city contributions shall be credited.

When the annuity for an employee or his widow is fixed, and when supplemental annuity for a widow first becomes payable, the amount in this reserve for such annuity shall be transferred to the annuity payment reserve.

If the credit in this reserve of any employee who withdraws from service before he attains age 65 is in excess of that required for his age and service annuity, or in excess of that required for widow's annuity (either or both), such amounts shall be retained in this reserve and improved by interest at the effective rate until the employee becomes age 65, or applies for annuity, or dies, whichever occurs first. Any such amounts shall then be used to reduce city contributions.

With respect to employees whose wages are funded as participants under CETA, the board may elect to establish a separate manpower program reserve or account for funds made available by the federal government towards the employer's contribution. The manpower program reserve will be administered as is the City contribution reserve, except that

where at variance it will be administered in accordance with the rules and regulations established by the Secretary of the United States Department of Labor or his designee.

At the time that employees previously funded as participants under CETA lose their participant status and obtain unsubsidized employment with the employer, unsubsidized employment with another employer provided that benefits are portable, or obtain vesting status, as defined by the Secretary of Labor or his designee, a transfer of funds equivalent to the amount of contributions made for such employees will be made out of the manpower program reserve. For prior CETA participants who continue as employees in public service which is covered by a participating retirement system, the sums will be credited to the regular City contribution reserve.

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

(40 ILCS 5/11-203) (from Ch. 108 1/2, par. 11-203)

Sec. 11-203. Employees' contribution reserve. Amounts deducted from employee's salaries for age and service annuity and widow's annuity, or otherwise contributed by employees, amounts contributed by the city for such annuities for an employee receiving duty disability benefit, and transfers to this reserve from the investment and interest reserve, shall be credited to this reserve.

An individual account shall be kept in this reserve for each employee to which such salary deductions and contributions shall be credited.

When the annuity for any employee or his widow is fixed or granted, the amount in this reserve for such annuities shall be transferred to the annuity payment reserve.

There shall be charged to this reserve amounts refunded, except refunds under Section 11-204.

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

(40 ILCS 5/11-204) (from Ch. 108 1/2, par. 11-204)

Sec. 11-204. Annuity payment reserve. Amounts transferred from the city contribution reserve and the employees' contribution reserve for annuities which have been fixed, amounts deducted from an employee's salary after the age and service annuity has been fixed, and amounts transferred to this reserve from the investment and interest reserve, shall be credited to this reserve.

Age and service annuities and widow's annuities shall be charged to this reserve. Amounts refunded in accordance with Sections 11-148, 11-166, 11-172 and 11-149(2) of this Article shall be charged to this reserve.

When an employee whose annuity was fixed or granted, re-enters service before age 65, an amount determined under the provisions governing re-entry into service shall be charged to this reserve and transferred to the city contribution reserve and the salary deduction reserve, respectively, for age and service annuity. Such amount shall be divided in said reserves in the same proportion as that in which the previous transfer from such reserves to this reserve was made.

If the wife of the employee, when he re-enters service, is the same as that when the widow's annuity was fixed, an amount to be determined under the provisions governing re-entry into service shall be transferred from this reserve and credited

for widow's annuity in the city contribution reserve and the employees' contribution reserve, respectively. Such credit shall be in the same proportion as that in which the previous transfer was made.

If at the end of any year the credit balance of the annuity payment reserve exceeds the liabilities chargeable thereto by more than 15% of such liabilities, the excess shall be transferred to the investment and interest reserve, expense reserve, ordinary disabling reserve, prior service annuity reserve, and city contribution reserve, in the order named, to remove any deficiency existing in any such reserves.

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

(40 ILCS 5/11-205) (from Ch. 108 1/2, par. 11-205)
Sec. 11-205. Prior service annuity reserve.

Amounts contributed by the city for prior service annuity, widow's prior service annuity and minimum annuities, shall be credited to this reserve.

Prior service and widow's prior service annuities payable under this Article and that part of any minimum annuity which is in excess of the age and service and prior service annuity shall be charged to this reserve.

If the balance of the investment and interest reserve is not sufficient to permit a transfer from that reserve to the annuity payment reserve to make the credit balance of the annuity payment reserve equal to the liabilities chargeable thereto (including the present values of all annuities entered upon or fixed and of all annuities not entered upon), amounts necessary for such purpose shall be transferred from this reserve to the investment and interest reserve.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-206) (from Ch. 108 1/2, par. 11-206)
Sec. 11-206. Child's annuity reserve.

Amounts contributed by the city for child's annuity shall be credited to this reserve and such annuities shall be charged to it.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-207) (from Ch. 108 1/2, par. 11-207)
Sec. 11-207. Duty disability reserve.

Amounts contributed by the city for duty disability benefits and child's disability benefits, and amounts contributed by the city for compensation annuity shall be credited to this reserve. Such benefits and annuities shall be charged to it.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-208) (from Ch. 108 1/2, par. 11-208)
Sec. 11-208. Ordinary disability reserve.

Amounts contributed by the city for ordinary disability benefit shall be credited to this reserve and such benefits shall be charged to it.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-209) (from Ch. 108 1/2, par. 11-209)
Sec. 11-209. Gift reserve.

Money or property received by the board for any purpose under other laws, or as gifts, grants, or bequests, or in any

manner other than provided in any section of this Article shall be credited to this reserve and used for such purposes of the fund as are approved by the board. The balance in this reserve shall be improved by interest at 4% per annum. (Source: Laws 1963, p. 161.)

(40 ILCS 5/11-210) (from Ch. 108 1/2, par. 11-210)
Sec. 11-210. Investment and interest reserve.

(1) Gains from investments and interest earnings shall be credited to this reserve. Losses from investments shall be charged to it. From this reserve shall be transferred amounts due in interest upon balances existing in other reserves of this fund.

(2) Amounts necessary according to the American Experience Table of Mortality and interest at the rate of 4% per annum or the Combined Annuity Mortality Table and interest at the rate of 3% per annum, as to those assets or liabilities to which either table may be applicable in accordance with the provisions of this Article, to make the annuity payment reserve equal to its liabilities (including the present values of all annuities entered upon, or fixed and not entered upon, chargeable to such reserve) shall be transferred to the annuity payment reserve at least once each year.

(3) That portion of the annual investment earnings on the fund's invested assets exclusive of gains or losses on sales or exchanges of assets during the year on the fund's invested assets, as specified in Section 11-134.3 of this Article, shall be transferred from the investment and interest reserve to the Supplementary Payment Reserve set forth in said Section 11-134.3.

Any balance in the investment and interest reserve shall be either charged or credited to the Prior Service Annuity Reserve depending on whether a deficiency or surplus exists in said investment and interest reserve.

(Source: P.A. 76-1510.)

(40 ILCS 5/11-211) (from Ch. 108 1/2, par. 11-211)

Sec. 11-211. Deficiencies in reserves. If the balance in the expense reserve, the prior service annuity reserve, the child's annuity reserve, the duty disability reserve or the ordinary disability reserve, or either one of these is not sufficient to provide for expenses, annuities, or benefits chargeable thereto, the deficiency shall be removed by a transfer from the following reserves in the order stated: City contribution reserve; prior service annuity reserve; employees' contribution reserve; annuity payment reserve. When an excess exists in the said reserves to which a transfer was made, the excess shall be transferred from any of such reserves to the reserves from which a transfer had been made until the full sum previously transferred is restored. Interest of 4% per annum upon such transfers and retransfers shall be credited to the investment and interest reserve.

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

(40 ILCS 5/11-212) (from Ch. 108 1/2, par. 11-212)

Sec. 11-212. Treasurer of fund.

The city treasurer shall be ex-officio the treasurer and custodian of the fund and shall furnish to the board a bond of such amount as the board designates, which shall indemnify the

board against any loss which may result from any action or failure to act by him or any of his agents. Fees and charges incidental to the procuring of such bond shall be paid by the board.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-213) (from Ch. 108 1/2, par. 11-213)

Sec. 11-213. Attorney.

The chief legal officer of the city shall be the legal advisor of and attorney for the board. If it shall deem such action necessary or advisable, the board may, in its discretion, employ another attorney for special services.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-214) (from Ch. 108 1/2, par. 11-214)

Sec. 11-214. Computation of term of service, annual salary and salary deductions. For the purpose of this Article, term of service, annual salary and salary deductions shall be computed as provided in Sections 11-215 to 11- 218, inclusive.

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

(40 ILCS 5/11-215) (from Ch. 108 1/2, par. 11-215)

Sec. 11-215. Computation of service.

(a) In computing the term of service of an employee prior to the effective date, the entire period beginning on the date he was first appointed and ending on the day before the effective date, except any intervening period during which he was separated by withdrawal from service, shall be counted for all purposes of this Article. Only the first year of each period of lay-off or leave of absence without pay, continuing or extending for a period in excess of one year, shall be counted as such service.

(b) For a person employed by an employer for whom this Article was in effect prior to August 1, 1949, from whose salary deductions are first made under this Article after July 31, 1949, any period of service rendered prior to the effective date, unless he was in service on the day before the effective date, shall not be counted as service.

(c) In computing the term of service of an employee subsequent to the day before the effective date, the following periods of time shall be counted as periods of service for annuity purposes:

(1) the time during which he performed the duties of his position;

(2) leaves of absence with whole or part pay, and leaves of absence without pay not longer than 90 days;

(3) leaves of absence without pay that begin before

the effective date of this amendatory Act of the 97th General Assembly and during which a participant is employed full-time by a local labor organization that represents municipal employees, provided that (A) the participant continues to make employee contributions to the Fund as though he were an active employee, based on the regular salary rate received by the participant for his municipal employment immediately prior to such leave of absence (and in the case of such employment prior to December 9, 1987, pays to the Fund an amount equal to the employee contributions for such employment plus regular interest thereon as calculated by the board), and based on

his current salary with such labor organization after the effective date of this amendatory Act of 1991, (B) after January 1, 1989 the participant, or the labor organization on the participant's behalf, makes contributions to the Fund as though it were the employer, in the same amount and same manner as specified under this Article, based on the regular salary rate received by the participant for his municipal employment immediately prior to such leave of absence, and based on his current salary with such labor organization after the effective date of this amendatory Act of 1991, and (C) the participant does not receive credit in any pension plan established by the local labor organization based on his employment by the organization;

(4) any period of disability for which he received (i) a disability benefit under this Article, or (ii) a temporary total disability benefit under the Workers' Compensation Act if the disability results from a condition commonly termed heart attack or stroke or any other condition falling within the broad field of coronary involvement or heart disease, or (iii) whole or part pay.

(d) For a person employed by an employer, or the retirement board, in which "The 1935 Act" was in effect prior to August 1, 1949, from whose salary deductions are first made under "The 1935 Act" or this Article after July 31, 1949, any period of service rendered subsequent to the effective date and prior to August 1, 1949, shall not be counted as a period of service under this Article, except such period for which he made payment, as provided in Section 11-221 of this Article, in which case such period shall be counted as a period of service for all annuity purposes hereunder.

(e) In computing the term of service of an employee subsequent to the day before the effective date for ordinary disability benefit purposes, the following periods of time shall be counted as periods of service:

(1) any period during which he performed the duties of his position;

(2) leaves of absence with whole or part pay;

(3) any period of disability for which he received (i) a duty disability benefit under this Article, or (ii) a temporary total disability benefit under the Workers' Compensation Act if the disability results from a condition commonly termed heart attack or stroke or any other condition falling within the broad field of coronary involvement or heart disease, or (iii) whole or part pay.

However, any period of service rendered by an employee contributor prior to the date he became a contributor to the fund shall not be counted as a period of service for ordinary disability purposes, unless the person made payment for the period as provided in Section 11-221 of this Article, in which case the period shall be counted as a period of service for ordinary disability purposes for periods of disability on or after the effective date of this amendatory Act of 1997.

Overtime or extra service shall not be included in computing any term of service. Not more than 1 year of service shall be allowed for service rendered during any calendar year.

For the purposes of this Section, the phrase "any pension plan established by the local labor organization" means any pension plan in which a participant may receive credit as a

result of his or her membership in the local labor organization, including, but not limited to, the local labor organization itself and its affiliates at the local, intrastate, State, multi-state, national, or international level. The definition of this phrase is a declaration of existing law and shall not be construed as a new enactment. (Source: P.A. 97-651, eff. 1-5-12.)

(40 ILCS 5/11-215.1) (from Ch. 108 1/2, par. 11-215.1)
Sec. 11-215.1. Concurrent Employment.

If a participant in this fund is employed concurrently by an employer whose employees are participants in a public retirement system created under other Articles of the Illinois Pension Code as well as by the employer, as defined in this Article, any earnings from such other employer during such period of concurrent employment shall, in no event, be considered for annuity or benefit purposes under the provisions of this Article. (Source: P.A. 76-1509.)

(40 ILCS 5/11-216) (from Ch. 108 1/2, par. 11-216)
Sec. 11-216. Basis of service credit.

(a) In computing the period of service of any employee for the minimum annuities, the following provisions shall govern:

(1) all periods prior to the effective date shall be computed in accordance with the provisions governing the computation of such service, except for a re-entrant or future entrant who was not in service on the day before the effective date; provided that no period of lay-off or leave of absence in excess of one year shall be counted in such period of service.

(2) Service subsequent to the day before the effective date, shall include: (A) the actual period the employee performs the duties of his position and makes required contributions or performs such duties and is given a city contribution for age and service annuity purposes or minimum annuity purposes; (B) leaves of absence from duty, or vacation, for which an employee receives all or part of his salary; (C) periods during which the employee is temporarily assigned to another position in the service and permitted to make contributions to the fund; (D) periods during which the employee has had contributions for annuity purposes made for him in accordance with law while on military leave of absence during World War II; (E) periods during which the employee receives a disability benefit under this Article, or a temporary total disability benefit under the Workers' Compensation Act if the disability results from a condition commonly termed heart attack or stroke or any other condition falling within the broad field of coronary involvement or heart disease; and (F) any period included under item (c)(3) of Section 11-215.

(b) Service during 6 or more months in any year shall constitute a year of service, and service of less than 6 months and at least 1 month in any year shall constitute a half year of service. However, the right to have certain periods of time considered as service as stated in paragraph 2 of Section 11-164 shall not apply for minimum annuity purposes.

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

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

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

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

Hourly Basis: Service during 700 hours in any 1 calendar year and service during any hour shall constitute an hour of service.

(Source: P.A. 85-964; 86-1488.)

(40 ILCS 5/11-217) (from Ch. 108 1/2, par. 11-217)

Sec. 11-217. Basis of annual salary. For the purpose of this Article, the annual salary of an employee whose salary or wage is appropriated, fixed, or arranged in the annual appropriation ordinance upon other than an annual basis shall be determined as follows:

(a) If the employee is paid on a monthly basis, the annual salary is 12 times the monthly salary. If the employee is paid on a weekly basis, the annual salary is 52 times the weekly salary.

"Monthly salary" means the amount of compensation or salary appropriated and payable for a normal and regular month's work in the employee's position in the service. "Weekly salary" means the amount of compensation or salary appropriated and payable for a normal and regular week's work in the employee's position in the service. If the work is on a regularly scheduled part time basis, then "monthly salary" and "weekly salary" refer, respectively, to the part time monthly or weekly salary.

If the appropriation for the position is for a shorter period than 12 months a year, or 52 weeks a year if on a weekly basis, or the employee is in a class, grade, or category in which the employee normally works for fewer than 12 months or 52 weeks a year, then the basis shall be adjusted downward to the extent that the appropriated or customary work period is less than the normal 12 months or 52 weeks of service in a year.

Compensation for overtime, at regular or overtime rates, that is paid in addition to the appropriated regular and normal monthly or weekly salary shall not be considered.

(b) If the employee is paid on a daily basis, the annual salary is 260 times the daily wage. If the employee is paid on an hourly basis, the annual salary is 2080 times the hourly wage.

The norm is based on a 12-month per year, 5-day work week of 8 hours per day and 40 hours per week, with consideration given only to time compensated for at the straight time rate of compensation or wage. The norm shall be increased (subject to a maximum of 300 days or 2400 hours per year) or decreased for an employee to the extent that the normal and established work period, at the straight time compensation or wage for the position held in the class, grade, or category in which the

employee is assigned, is for a greater or lesser number of months, weeks, days, or hours than the period on which the established norm is based.

"Daily wage" and "hourly wage" mean, respectively, the normal, regular, or basic straight time rate of compensation or wage appropriated and payable for a normal and regular day's work, or hour's work, in the employee's position in the service.

Any time worked in excess of the norm (or the increased or decreased norm, whichever is applicable) that is compensated for at overtime, premium, or other than regular or basic straight time rates shall not be considered as time worked, and the compensation for that work shall not be considered as salary or wage. Such time and compensation shall in every case and for all purposes be considered overtime and shall be excluded for all purposes under this Article. However, the straight time portion of compensation or wage, for time worked on holidays that fall within an employee's established norm, shall be included for all purposes under this Article.

(c) For minimum annuity purposes under Section 11-134, where a salary rate change occurs during the year, it shall be considered that the annual salary for that year is (1) the annual equivalent of the monthly, weekly, daily, or hourly salary or wage rate that was applicable for the greater number of months, weeks, days, or hours (whichever is applicable) in the year under consideration, or (2) the annual equivalent of the average salary or wage rate in effect for the employee during the year, whichever is greater. The average salary or wage rate shall be calculated by multiplying each salary or wage rate in effect for the employee during the year by the number of months, weeks, days, or hours (whichever is applicable) during which that rate was in effect, and dividing the sum of the resulting products by the total number of months, weeks, days, or hours (whichever is applicable) worked by the employee during the year.

(d) The changes to subsection (c) made by this amendatory Act of 1997 apply to persons withdrawing from service on or after July 1, 1990 and for each such person are intended to be retroactive to the date upon which the affected annuity began. The Fund shall recompute the affected annuity and shall pay the additional amount due for the period before the increase resulting from this amendatory Act in a lump sum, without interest.

(e) This Article shall not be construed to authorize a salary paid by an entity other than an employer, as defined in Section 11-107, to be used to calculate the highest average annual salary of a participant. This subsection (e) is a declaration of existing law and shall not be construed as a new enactment.

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

(40 ILCS 5/11-218) (from Ch. 108 1/2, par. 11-218)

Sec. 11-218. Basis of salary deduction. The total of salary deductions for employee contributions for annuity purposes for any 1 calendar year shall not exceed that produced by the application of the proper salary deduction rates to the highest annual salary considered for annuity purposes for such year.

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

(40 ILCS 5/11-219) (from Ch. 108 1/2, par. 11-219)

Sec. 11-219. Retirement Systems Reciprocal Act.

The "Retirement Systems Reciprocal Act", being Article 20 of this Code, as now enacted or hereafter amended, is hereby adopted and made a part of this Article; provided that where there is a direct conflict in the provisions of such Act and the specific provisions of this Article, such latter provisions shall prevail.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-220) (from Ch. 108 1/2, par. 11-220)

Sec. 11-220. Employees in territory annexed.

Whenever territory is annexed to the city, any person then employed as a laborer by such annexed territory, who shall be employed by the city on the date of annexation shall automatically come under this Article, and any service rendered for annexed territory shall be considered, for the purpose of this Article, as service rendered to the city.

Such laborer shall be treated, as of the date such annexation comes into effect, as a present employee of the city on the effective date.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-221) (from Ch. 108 1/2, par. 11-221)

Sec. 11-221. Employees under Act.

(a) Any contributor becoming employed on or after the effective date (except a participant in any other annuity, retirement or pension fund in operation in such city) shall be subject to the provisions of this Article. Any such contributor shall continue as a contributor to this fund, in the event that he shall be employed by an employer in any capacity, other than as a member of the police department, or as a member of the fire department or as a public school teacher.

(b) Beginning August 1, 1949, any contributor shall have the right to contribute for service rendered an employer or retirement board after July 1, 1935, by virtue of appointment to a position which did not include him under the provisions of "The 1935 Act". Such contributions shall be the amounts he would have contributed for annuity purposes had deductions from his salary been made for the purposes of the fund in accordance with the provisions of "The 1935 Act" relating to future entrants and present employees during the period such service was rendered.

Periods of service for the aforesaid employee shall include service in the armed forces of the United States if he left the employment of an employer to enter the armed forces and returned to the employ of the employer within 90 days after his discharge from such armed forces, and if such employer has not made such payment on his behalf. Those periods for which he has received and retains credit in some other annuity or pension fund in operation in such city for the benefit of employees of an employer shall not be included. Upon making such payments such employee shall be credited with concurrent city contributions at the rates in effect for contributors during the period of time such service was rendered. Such payments and concurrent city contributions shall be made with interest at the effective rate and shall together with all other amounts contributed by or for such

employee for all annuity purposes, be considered in computing the annuity or annuities to which such employee or his widow shall have a right. Any such period of service for which payment is made by such employee shall be counted as a period of service for annuity purposes under this Article.

Until the effective date of this amendatory Act of 1991, in order to be credited for a minimum annuity, all such payments by a contributor must be made in full while such contributor is still in the service; if payment is not made in full while such contributor is in service, any payments made shall be refunded to him when he withdraws from the service or to his widow in the event of his death or if no widow in accordance with the other refund provisions of this Article. Such employee may elect to have such partial payments together with the concurrent city contributions and interest, credited and applied for age and service and widow's annuity, for himself and his wife, on the assumption that the payments made shall apply to his earliest service. In the event of his death while in the service, his widow may elect to have such payments and related city contributions and interest, credited for widow's annuity, to the extent that they do not increase her annuity above that which she could have received if such amounts were included, and an annuity were fixed for her on the assumption that her deceased husband had continued in service at the rate of his final salary until he became 65 years of age.

Beginning on the effective date of this amendatory Act of 1991, an employee who is still in service may elect to establish credit under this Section for only a fraction of the service that he or she is eligible to establish under this Section. In such cases, the credit established shall be deemed to relate to the earliest service for which credit may be established. In no event shall such credit be granted until the corresponding employee contributions have been paid.

Beginning on the effective date of this amendatory Act of 1997, any employee who is in service, or within 90 days after withdrawing from service, or who is an active contributor to a participating system as defined in the Retirement Systems Reciprocal Act, may make payments and establish credit under this Section.

(c) Any employee, who shall become a participant in any other annuity, retirement or pension fund now or hereafter in operation in such city for the benefit of employees of an employer, shall have the right, notwithstanding other provisions of this Article relating to participation in other funds, to elect to receive a refund or an annuity from this fund in the same manner as he would if he had then resigned from his position in the service and had not become a participant in any such other fund. No credit shall be allowed for any period of service as a participant in this fund for which he shall receive credit in such other fund. No annuity payments shall be paid to such participant during the time he holds a position in the service which entitles him to participation in such other fund.

(Source: P.A. 90-31, eff. 6-27-97.)

(40 ILCS 5/11-221.1) (from Ch. 108 1/2, par. 11-221.1)

Sec. 11-221.1. Right of employees to contribute for certain other service. Any employee in the service, after having made contributions covering a period of 10 or more

years to the annuity and benefit fund herein provided for, may elect to pay for and receive credit for all annuity purposes for service theretofore rendered by the employee to the Chicago Transit Authority created by the Metropolitan Transit Authority Act; provided that if the employee has more than 10 years of such service, only the last 10 years of such service shall be credited. Such service credit may be paid for and granted on the same basis and conditions as are applicable in the case of employees who make payment for past service under the provisions of Section 11-221, but on the assumption that the employee's salary throughout all of his or her service with the Authority was at the rate of the employee's salary at the date of his or her entrance into the service as an employee. In no event, however, shall such service be credited if the employee has not forfeited and relinquished pension credit for service covering such period under any pension or retirement plan applicable to the Authority and instituted and maintained by the Authority for the benefit of its employees. (Source: P.A. 90-655, eff. 7-30-98.)

(40 ILCS 5/11-221.2) (from Ch. 108 1/2, par. 11-221.2)

Sec. 11-221.2. Establishment and restoration of service credit.

(a) Beginning on the effective date of this amendatory Act of 1991, an employee who is still in service and is eligible to establish optional service credit under this Article for any period during which he was not an active participant in the Fund need not establish credit for the entire period for which he is eligible, but may instead elect to establish credit for only a fraction of that period. In such cases, the credit established shall be deemed to relate to the earliest period for which that type of credit may be established. However, in no event shall any such credit be granted until the employee contributions required for that credit, if any, have been paid.

(b) Notwithstanding Section 11-163 or any other provision of this Article, beginning on the effective date of this amendatory Act of 1991, an employee who has returned to service and is required (or authorized) to restore service credit that was surrendered upon payment of a refund need not restore such credit in full, but may instead elect to restore only a fraction of the surrendered service credit, or none of it. If only some of the surrendered credit is to be restored, the credit shall be restored in the order in which it was earned, and the board shall determine the amount that must be repaid by the employee to the Fund in order to restore the credit, based on the corresponding fraction of the refund, plus interest as required by the other provisions of this Article. In no event shall any such credit be restored until the payment required for that credit has been paid, and in no event shall any benefit be granted based on surrendered credit that has not been restored.

(Source: P.A. 86-1488.)

(40 ILCS 5/11-221.3)

Sec. 11-221.3. Payments and rollovers.

(a) The Board may adopt rules prescribing the manner of repaying refunds and purchasing any other credits permitted under this Article. The rules may prescribe the manner of calculating interest when payments or repayments are made in

installments.

(b) Rollover contributions from other retirement plans qualified under the Internal Revenue Code of 1986 may be used to purchase any optional credit or repay any refund permitted under this Article.

(Source: P.A. 90-31, eff. 6-27-97.)

(40 ILCS 5/11-222) (from Ch. 108 1/2, par. 11-222)

Sec. 11-222. Certain park district employees.

The "Exchange of Functions Act of 1957", to the extent that it applies to the fund, is incorporated into and made a part of this Article by express reference. Employees of a city who are members of the fund and who are transferred to the employment of a park district pursuant to the aforesaid Act shall remain members of the fund, and their rights, credits and equities shall remain unimpaired by such transfer of employment.

After such transfer of employment, the city shall assume no further financial responsibility or obligation for such employees under this Article, but such financial responsibility and obligation shall become the duty of the park district by which they are employed. Wherever, as to such employees, reference is made in this Article to the exercise of a function, power, responsibility or duty by the city, such reference shall apply, effective January 1, 1959, to the governing board of the park district by which such persons are employed.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-223) (from Ch. 108 1/2, par. 11-223)

Sec. 11-223. Annuities, etc., exempt.

(a) All annuities, refunds, pensions, and disability benefits granted under this Article shall be exempt from attachment or garnishment process and shall not be seized, taken, subjected to, detained, or levied upon by virtue of any judgment, or any process or proceeding whatsoever issued out of or by any court in this State, for the payment and satisfaction in whole or in part of any debt, damage, claim, demand, or judgment against any annuitant, participant, refund applicant, or other beneficiary hereunder.

No annuitant, refund applicant, or other beneficiary may transfer or assign his annuity, refund, or disability benefit or any part thereof by way of mortgage or otherwise, except as provided in Section 11-223.1, and except in the case of refunds, when a participant has pledged by assignment, power of attorney, or otherwise, as security for a loan from a legally operating credit union making loans only to participants in certain public employee pension funds described in the Illinois Pension Code, all or part of any refund which may become payable to him in the event of his separation from service. The board in its discretion may, however, pay to the wife or to the unmarried child under 18 years of age of any annuitant, refund applicant, or disability beneficiary, such an amount out of her husband's annuity refund, or disability benefit as any court may order, or such an amount as the board may consider necessary for the support of his wife or children or both in the event of his disappearance or unexplained absence or of his failure to support such wife or children.

(b) The board may retain out of any future annuity, refund, or disability benefit payments such amount or amounts as it may require for the repayment of any moneys paid to any annuitant, pensioner, refund applicant, or disability beneficiary through misrepresentation, fraud or error. Any such action of the board shall relieve and release the board and the fund from any liability for any moneys so withheld.

(c) Whenever an annuity or disability benefit is payable to a minor or to a person certified by a medical doctor to be under legal disability, the board, in its discretion and when it is in the best interest of the person concerned, may waive guardianship or conservatorship proceedings and pay the annuity or benefit to the person providing or caring for the minor or person under legal disability.

In the event that a person certified by a medical doctor to be under legal disability (i) has no spouse, blood relative, or other person providing or caring for him or her, (ii) has no guardian of his or her estate, and (iii) is confined to a Medicare approved, State certified nursing home or to a publicly owned and operated nursing home, hospital, or mental institution, the Board may pay any benefit due that person to the nursing home, hospital, or mental institution, to be used for the sole benefit of the person under legal disability.

Payment in accordance with this subsection to a person, nursing home, hospital, or mental institution for the benefit of a minor or person under legal disability shall be an absolute discharge of the Fund's liability with respect to the amount so paid. Any person, nursing home, hospital, or mental institution accepting payment under this subsection shall notify the Fund of the death or any other relevant change in the status of the minor or person under legal disability.

(d) Whenever an annuitant, applicant for refund or disability beneficiary disappears and his whereabouts are unknown, and it cannot be ascertained that he is alive, there shall be paid to his wife or children or both such amount as will not be in excess of the amount payable to them in the event such annuitant, applicant for refund or disability beneficiary had died on the date of disappearance. If he returns, or upon satisfactory proof of his being alive, the amount theretofore paid to such beneficiaries shall be charged against any moneys payable to him under this Article as though such payment to such beneficiaries had been an allowance to them out of the moneys payable to the employee as an annuitant, applicant for refund or disability beneficiary. (Source: P.A. 91-887, eff. 7-6-00.)

(40 ILCS 5/11-223.1) (from Ch. 108 1/2, par. 11-223.1)

Sec. 11-223.1. Assignment for health, hospital and medical insurance.

The board may provide, by regulation, that any annuitant or pensioner, may assign his annuity or disability benefit, or any part thereof, for the purpose of premium payment for a membership for the annuitant, and his or her spouse and children, in a non-profit group hospital care plan or group medical surgical plan, provided, however, that the board may, in its discretion, terminate the right of assignment. Any such hospital or medical insurance plan may include provision for the beneficiaries thereof who rely on treatment by spiritual means alone through prayer for healing in accordance with the

tenets and practice of a well recognized religious denomination.

Upon the adoption of a regulation permitting such assignment, the board shall establish and administer a plan for the maintenance of the insurance plan membership by the annuitant or pensioner.

(Source: Laws 1965, p. 2290.)

(40 ILCS 5/11-223.2) (from Ch. 108 1/2, par. 11-223.2)
Sec. 11-223.2. Notification of assignment.

The annuitant or pensioner shall notify the board in writing of the assignment of his annuity or disability benefit for payment of health, hospital or medical insurance premiums. Such notification of assignment is authorization for the board to make insurance premium payments for the benefit of the annuitant or pensioner out of his annuity or disability benefit.

(Source: Laws 1965, p. 2290.)

(40 ILCS 5/11-223.3) (from Ch. 108 1/2, par. 11-223.3)
Sec. 11-223.3. Termination of assignment.

Any notification of assignment and authorization to make insurance premium payments shall cease;

(a) upon written notice to the board of termination of the assignment by the annuitant or pensioner, or

(b) upon expiration of the time during which such assignment and payment of premiums is authorized.

(Source: Laws 1965, p. 2290.)

(40 ILCS 5/11-223.4) (from Ch. 108 1/2, par. 11-223.4)
Sec. 11-223.4. Notification forms.

The board shall prescribe a form or forms to be used for the notification of assignment required by Section 11-223.2. The board shall also prescribe a form or forms to be used for the notification of termination of assignment and authorization to make insurance premium payments as provided in Section 11-223.3.

(Source: Laws 1965, p. 2290.)

(40 ILCS 5/11-224) (from Ch. 108 1/2, par. 11-224)
Sec. 11-224. Board members-No compensation.

No member of the board shall receive any moneys from the fund as salary for service performed as a member or as an employee of the board.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-225) (from Ch. 108 1/2, par. 11-225)
Sec. 11-225. No commissions on investments.

No member of the board, and no person officially connected with the board, as employee, legal advisor, custodian of the fund or otherwise, shall have any right to receive any commission or other remuneration on account of any investment made by the board, nor shall any such person act as the agent of any other person concerning any such investment.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-226) (from Ch. 108 1/2, par. 11-226)

Sec. 11-226. Duties of municipal officers. The proper officers of the city and of the board of education and of the

retirement board without cost to the fund, shall:

(a) deduct all sums required to be deducted from the salaries of employees, and pay such sums to the board in such manner as the board shall specify;

(b) furnish the board on the first day of each month, information regarding the employment of any employee, and of all discharges, resignations and suspensions from the service, deaths, and changes in salary which have occurred during the preceding month, with the dates thereof;

(c) procure for the board in such form as the board specifies, all information on an employee as to the service, age, salary, residence, marital status and data concerning their dependents, including information relative to the service rendered by the employee prior to the effective date;

(d) keep such records concerning employees as the board may reasonably require and shall specify.

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

(40 ILCS 5/11-227) (from Ch. 108 1/2, par. 11-227)

Sec. 11-227. Age of employee.

For any employee who has filed an application for appointment to the service of an employer or retirement board, the age stated therein shall be conclusive evidence against the employee of his age for the purposes of this Article, but the board may decide any claim for any annuity, benefit, refund or payment according to the age of the employee as shown by other evidence satisfactory to it.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-228) (from Ch. 108 1/2, par. 11-228)

Sec. 11-228. Office facilities.

Suitable rooms for office and meetings of the board shall be assigned by the mayor of the city.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-229) (from Ch. 108 1/2, par. 11-229)

Sec. 11-229. Compliance with article.

All officers, officials, and employees of the city or of such board of education or of any retirement board concerned shall perform any and all acts required to carry out the intent and purposes of this Article.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-230) (from Ch. 108 1/2, par. 11-230)

Sec. 11-230. Felony conviction.

None of the benefits provided in this Article shall be paid to any person who is convicted of any felony relating to or arising out of or in connection with his service as employee.

This section shall not operate to impair any contract or vested right heretofore acquired under any law or laws continued in this Article, nor to preclude the right to a refund.

All future entrants entering service after July 11, 1955, shall be deemed to have consented to the provisions of this section as a condition of coverage.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/11-231) (from Ch. 108 1/2, par. 11-231)

Sec. 11-231. Administrative review. The provisions of the Administrative Review Law, and all amendments and modifications thereof, and the rules adopted pursuant thereto shall apply to and govern all proceedings for the judicial review of final administrative decisions of the board provided for under this Article. The term "administrative decision" is as defined in Section 3-101 of the Code of Civil Procedure. (Source: P.A. 82-783.)

(40 ILCS 5/11-232) (from Ch. 108 1/2, par. 11-232)

Sec. 11-232. General provisions and savings clause.

The provisions of Article 1 and Article 23 of this Code apply to this Article as though such provisions were fully set forth in this Article as a part thereof.

(Source: Laws 1963, p. 161.)

**IRS QUALIFICATION REQUIREMENTS FOR ARTICLE 11 LABORERS' AND
RETIREMENT BOARD EMPLOYEES' ANNUITY AND BENEFIT FUND**

PART A: RULE ON ROLLOVERS

Beginning January 1, 1993, pursuant to 40 ILCS 5/1-106(b), the Laborers' and Retirement Board Employees' Annuity and Benefit Fund ("Fund") may, and to the extent required by federal law shall, at the request of any person entitled to receive an eligible rollover distribution from the pension fund, pay any portion of that eligible rollover distribution directly to an eligible retirement plan designated in writing by the person.

I. Eligible Rollover Distribution

- A. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:
1. any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or the life expectancy) of the distributee or the joint lives (or the joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of 10 years or more;
 2. any distribution to the extent that distribution is required under section 401(a)(9) of the Internal Revenue Code of 1986, as amended ("IRC");
 3. the portion of any distribution that is not includible in gross income; and
 4. any other distribution that is reasonable expected to total less than \$200 during the year.
- B. Effective:
1. January 1, 2002, a portion of a distribution will not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions that are not includible in gross income. However, that portion may be transferred only:
 - a. to an individual retirement account or annuity described in IRC section 408(a) or (b);
 - b. to a qualified defined contribution plan described in IRC section 401(a); or
 - c. to a qualified plan described in IRC section 403(a); or
 2. on or after January 1, 2007:
 - a. to a qualified defined benefit plan described in IRC section 401(a); or

- b. to an annuity contract described in IRC section 403(b).
- C. The provisions of subsection (b) apply only if the account, annuity or plan agrees to separately account for amounts transferred (and earnings on that amount), including separately accounting for the portion of the distribution that is includible in gross income and the portion of the distribution that is not includible.
- D. Effective January 1, 2002, the definition of eligible rollover distribution also includes a distribution to a surviving spouse.

II. Eligible Retirement Plan

An eligible retirement plan is any of the following that accepts the distributee's eligible rollover distribution:

- A. An individual retirement account described in IRC section 408(a);
- B. An individual retirement annuity described in IRC section 408(b);
- C. An annuity plan described in IRC section 403(a);
- D. A qualified trust described in IRC section 4019(a);
- E. Effective January 1, 2002, an annuity contract described in IRC section 403(b);
- F. Effective January 1, 2002, a plan eligible under IRC section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or a political subdivision of a state that agrees to separately account for amounts transferred into that plan from a plan under this Part; or
- G. Effective January 1, 2009, a Roth IRA described in IRC section 408A.

III. Distributee

A distributee includes an employee or former employee. It also includes the employee's or former employee's surviving spouse. Effective January 1, 2008, a distributee further includes a nonspouse beneficiary who is a designated beneficiary as defined by IRC section 401(a)(9)(E). However, a nonspouse beneficiary may roll over the distribution only to an individual retirement account or individual retirement annuity established for the purpose of receiving the distribution, and the account or annuity will be treated as an "inherited" individual retirement account or annuity.

IV. Direct Rollover

A direct rollover is a payment to the eligible retirement plan specified by the distributee.

PART B: RULE ON MINIMUM REQUIRED DISTRIBUTIONS

Notwithstanding any other provision to the contrary, and pursuant to 40 ILCS 5/1-116.1, distributions from a pension fund shall conform with a good faith interpretation of the IRC section 401(a)(9) and the regulations under that section (26 CFR 1.401(a)(9)) as applicable to a governmental plan within the meaning of IRC section 414(d).

V. Minimum Required Distributions

Effective on and after January 1, 2003, the Fund shall be subject to the following provisions:

- A. Benefit payments must begin by the required beginning date, which is the later of April 1 of the calendar year following the calendar year in which the plan member reaches 70 ½ years of age or April 1 of the calendar year following the calendar year in which the plan member terminates employment. If a plan member fails to apply for retirement benefits by April 1 of the calendar year following the calendar year in which he or she reaches 70 ½ years of age or April 1 of the calendar year following the calendar year in which he or she terminates employment, whichever is later, the Fund will begin distributing the benefit as required by this section.
- B. The Fund member's entire interest must be distributed over the Fund member's life or the lives of the Fund member and a designated beneficiary or beneficiaries, or over a period not extending beyond the life expectancy of the Fund member or of the Fund member and a designated beneficiary. Death benefits must be distributed in accordance with IRC section 401(a)(9), including the incidental death benefit requirement in IRC section 401(a)(9)(G), and the regulations implementing that section.
- C. The life expectancy of a Fund member, the Fund member's spouse or the Fund member's beneficiary may not be recalculated after the initial determination for purposes of determining benefits.
- D. If a Fund member dies after the required distribution of benefits has begun, the remaining portion of the Fund member's interest must be distributed at least as rapidly as under the method of distribution before the Fund member's death and no longer than the remaining period over which distributions commenced.
- E. If a Fund member dies before required distribution of the Fund member's benefits has begun, the Fund member's entire interest must be either:
 - 1. Distributed (in accordance with federal regulations (26 CFR 1.401(a)(9)) over the life or life expectancy of the designated beneficiary, with the distributions beginning no later than December 31 of the calendar year immediately following the calendar year of the plan member's death; or
 - 2. Distributed by December 31 of the calendar year containing the fifth anniversary of the Fund member's death.

VI. Incidental Benefit Rule

- A. The amount of survivor benefits paid to a Fund member's beneficiary may not exceed the maximum determined under the incidental death benefit requirement of the IRC.
- B. The death and disability benefits provided by the Fund are limited by the incidental benefit rule set forth in IRC section 401(a)(9)(G) and 26 CFR 1.401-1(b)(1)(i).

PART C: RULE ON GENERAL COMPLIANCE

VII. Compliance with Internal Revenue Code

The Fund is intended to be a qualified defined benefit plan under IRC sections 401(a) and 414(d).

Plan Termination

Upon plan termination, a member's interest in the Fund will be nonforfeitable.

VIII. Vesting and Forfeitures

- A. A plan member shall be 100% vested in his or her accumulated contributions at all times.
- B. In conformity with IRC section 401(a)(8), any forfeitures of benefits by members or former members of the Fund will not be used to pay benefit increases. However, forfeitures shall be used to reduce employer contributions.

Information maintained by the Legislative Reference Bureau

Updating the database of the Illinois Compiled Statutes (ILCS) is an ongoing process. Recent laws may not yet be included in the ILCS database, but they are found on this site as [Public Acts](#) soon after they become law. For information concerning the relationship between statutes and Public Acts, refer to the [Guide](#).

Because the statute database is maintained primarily for legislative drafting purposes, statutory changes are sometimes included in the statute database before they take effect. If the source note at the end of a Section of the statutes includes a Public Act that has not yet taken effect, the version of the law that is currently in effect may have already been removed from the database and you should refer to that Public Act to see the changes made to the current law.

PENSIONS
(40 ILCS 5/) Illinois Pension Code.

(40 ILCS 5/Art. 1 heading)

ARTICLE 1. GENERAL PROVISIONS:
SHORT TITLE, EFFECT OF CODE AND OTHER PROVISIONS

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

Sec. 1-101. Short title.

This Code shall be known and may be cited as the Illinois Pension Code.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/1-101.1) (from Ch. 108 1/2, par. 1-101.1)

Sec. 1-101.1. Definitions. For purposes of this Article, unless the context otherwise requires, the words defined in the Sections following this Section and preceding Section 1-102 shall have meanings given in those Sections.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-101.2)

Sec. 1-101.2. Fiduciary. A person is a "fiduciary" with respect to a pension fund or retirement system established under this Code to the extent that the person:

(1) exercises any discretionary authority or discretionary control respecting management of the pension fund or retirement system, or exercises any authority or control respecting management or disposition of its assets;

(2) renders investment advice or renders advice on the selection of fiduciaries for a fee or other compensation, direct or indirect, with respect to any moneys or other property of the pension fund or retirement system, or has any authority or responsibility to do so; or

(3) has any discretionary authority or discretionary responsibility in the administration of the pension fund or retirement system.

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-101.3)

Sec. 1-101.3. Party in interest. A person is a "party in interest" with respect to a pension fund or retirement system established under this Code if the person is:

(1) a fiduciary, counsel, or employee of the pension

fund or retirement system, or a relative of such a person;

(2) a person providing services to the pension fund or retirement system, or a relative of such a person;

(3) an employer, any of whose employees are covered by the pension fund or retirement system;

(4) an employee organization, any members of which are covered by the pension fund or retirement system; or

(5) an employee, officer, or director (or an individual having powers or responsibilities similar to those of an officer or director) of the pension fund or retirement system or of a person described under item (2), (3), or (4) of this Section.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-101.4)

Sec. 1-101.4. Investment adviser. A person is an "investment adviser", "investment advisor", or "investment manager" with respect to a pension fund or retirement system established under this Code if the person:

(1) is a fiduciary appointed by the board of trustees of the pension fund or retirement system in accordance with Section 1-109.1;

(2) has the power to manage, acquire, or dispose of any asset of the retirement system or pension fund;

(3) has acknowledged in writing that he or she is a fiduciary with respect to the pension fund or retirement system; and

(4) is at least one of the following: (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.); (ii) registered as an investment adviser under the Illinois Securities Law of 1953; (iii) a bank, as defined in the Investment Advisers Act of 1940; or (iv) an insurance company authorized to transact business in this State.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-101.5)

Sec. 1-101.5. Consultant. "Consultant" means any person or entity retained or employed by the board of a retirement system, pension fund, or investment board to make recommendations in developing an investment strategy, assist with finding appropriate investment advisers, or monitor the board's investments. "Consultant" does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, services used to track compliance with legal standards, and investment fund of funds where the board has no direct contractual relationship with the investment advisers or partnerships. "Investment adviser" has the meaning ascribed to it in Section 1-101.4.

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-102) (from Ch. 108 1/2, par. 1-102)

Sec. 1-102. Continuation of prior statutes.

The provisions of this Code insofar as they are the same or substantially the same as those of any prior statute, shall be construed as a continuation of such prior statute and not as a new enactment.

If in any other statute reference is made to an Act of the General Assembly, or a Section of such an Act, which is continued in this Code, such reference shall be held to refer to the Act or Section thereof so continued in this Code.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/1-103) (from Ch. 108 1/2, par. 1-103)
Sec. 1-103. Effect of headings.

Article, Division and Section headings contained herein shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of any Article, Division or Section hereof.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/1-103.1) (from Ch. 108 1/2, par. 1-103.1)
Sec. 1-103.1. Application of amendments.

Amendments to this Code which have been or may be enacted shall be applicable only to persons who, on or after the effective date thereof, are in service as an employee under the retirement system or pension fund covered by the Article which is amended, unless the amendatory Act specifies otherwise.
(Source: P.A. 77-1415.)

(40 ILCS 5/1-103.2) (from Ch. 108 1/2, par. 1-103.2)

Sec. 1-103.2. The amendatory provisions of this amendatory Act of 1987 which provide for benefit increases effective July 1, 1987 or January 1, 1988 are intended to be retroactive to the dates specified therein, notwithstanding the provisions of Section 1-103.1.
(Source: P.A. 85-941.)

(40 ILCS 5/1-103.3)

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

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

(b) (Blank).

(c) Every 5 years, beginning in 1999, the Commission on Government Forecasting and Accountability, in consultation with the affected retirement systems and the Governor's Office of Management and Budget (formerly Bureau of the Budget), shall consider and determine whether the funding goals adopted in Articles 2, 14, 15, 16, and 18 of this Code continue to represent appropriate funding goals for those retirement systems, and it shall report its findings and recommendations on this subject to the Governor and the General Assembly.
(Source: P.A. 98-599, eff. 6-1-14.)

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

Sec. 1-104. Cross references.

Where, in this Code, reference is made to a Section, Division or Article by its number and no Act is specified, the reference is to the correspondingly numbered Section, Division or Article of this Code. Where reference is made to "this Article" or "this Division" or "this Section" and no Act is

specified, the reference is to the Article, Division or Section of this Code in which the reference appears. If any Section, Division or Article of this Code is hereafter amended, the reference shall thereafter be treated and considered as a reference to the Section, Division or Article as so amended.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/1-104.1) (from Ch. 108 1/2, par. 1-104.1)
Sec. 1-104.1. Gender.

Words or phrases as used in this Code that import the masculine gender shall be construed to import also the feminine gender, unless such construction would be inconsistent with the manifest intention of the context.

(Source: P.A. 78-1129.)

(40 ILCS 5/1-104.2) (from Ch. 108 1/2, par. 1-104.2)

Sec. 1-104.2. Beginning January 1, 1986, children not conceived in lawful wedlock shall be entitled to the same benefits as other children, and no child's or survivor's benefit shall be disallowed because of the fact that the child was born out of wedlock; however, in cases where the father is the employee parent, paternity must first be established. Paternity may be established by any one of the following means: (1) acknowledgment by the father, or (2) adjudication before or after the death of the father, or (3) any other means acceptable to the board of trustees of the pension fund or retirement system.

(Source: P.A. 94-229, eff. 1-1-06.)

(40 ILCS 5/1-104.3)

Sec. 1-104.3. Adopted children. Notwithstanding any other provision of this Code to the contrary, beginning on the effective date of this amendatory Act of the 95th General Assembly, legally adopted children shall be entitled to the same benefits as other children, and no child's or survivor's benefit shall be disallowed because the child is an adopted child. The provisions of this Section apply without regard to whether the employee or member was in service on or after the date of the adoption of the child.

(Source: P.A. 95-279, eff. 1-1-08.)

(40 ILCS 5/1-105) (from Ch. 108 1/2, par. 1-105)

Sec. 1-105. Partial invalidity.

The invalidity of any provision of this Code shall not affect the validity of the remainder of this Code.

(Source: Laws 1963, p. 161.)

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

Sec. 1-106. Payment of distribution other than direct.

(a) The board of trustees of any retirement fund or system operating under this Code may, at the written direction and request of any annuitant, solely as an accommodation to the annuitant, pay the annuity due the annuitant to a bank, savings and loan association, or any other financial institution insured by an agency of the federal government, for deposit to the account of the annuitant, or to a bank, savings and loan association, or trust company for deposit in a trust established by the annuitant for his or her benefit

with that bank, savings and loan association, or trust company. The annuitant may withdraw the direction at any time.

(b) Beginning January 1, 1993, each pension fund or retirement system operating under this Code may, and to the extent required by federal law shall, at the request of any person entitled to receive a refund, lump-sum benefit, or other nonperiodic distribution from the pension fund or retirement system, pay the distribution directly to any entity that (1) is designated in writing by the person, (2) is qualified under federal law to accept an eligible rollover distribution from a qualified plan, and (3) has agreed to accept the distribution.

(Source: P.A. 96-586, eff. 8-18-09.)

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

Sec. 1-107. Indemnification of trustees, consultants and employees of retirement systems and pension funds. Every retirement system, pension fund or other system or fund established under this Code may indemnify and protect the trustees, staff and consultants against all damage claims and suits, including defense thereof, when damages are sought for negligent or wrongful acts alleged to have been committed in the scope of employment or under the direction of the trustees. However, the trustees, staff and consultants shall not be indemnified for wilful misconduct and gross negligence. Each board is authorized to insure against loss or liability of the trustees, staff and consultants which may result from these damage claims. This insurance shall be carried in a company which is licensed to write such coverage in this State.

(Source: P.A. 80-1364.)

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

Sec. 1-108. (a) In any proceeding commenced against an employee of a pension fund, alleging a civil wrong arising out of any act or omission occurring within the scope of the employee's pension fund employment, unless the court or the jury finds that the conduct which gave rise to the claim was intentional, wilful or wanton misconduct, the pension fund shall indemnify the employee for any damages awarded and court costs and attorneys' fees assessed as part of any final and unreversed judgment and any attorneys' fees, court costs and litigation expenses incurred by the employee in defending the claim. In any such proceeding if a majority of the board or trustees who are not a party to the action determine that the conduct which gave rise to the claim was not intentional, wilful or wanton misconduct, the board or trustees may agree to settlement of the proceeding and the pension fund shall indemnify the employee for any damages, court costs and attorneys' fees agreed to as part of the settlement and any attorneys' fees, court costs and litigation expenses incurred in defending the claim.

(b) No employee of a pension fund shall be entitled to indemnification under this Section unless within 15 days after receipt by the employee of service of process, he shall give written notice of such proceeding to the pension fund.

(c) Each pension fund may insure against loss or liability of employees which may arise as a result of these claims. This insurance shall be carried by a company authorized to provide

such coverage in this State.

(d) Nothing contained or implied in this Section shall operate, or be construed or applied, to deprive the State or a pension fund, or any other employee thereof, of any immunity or any defense heretofore available.

(e) This Section shall apply regardless of whether the employee is sued in his or her individual or official capacity.

(f) This Section shall not apply to claims for bodily injury or damage to property arising from motor vehicle accidents.

(g) This Section shall apply to all proceedings filed on or after its effective date, and to any proceeding pending on its effective date, if the pension fund employee gives notice to the pension fund within 30 days of the Act's effective date.

(Source: P.A. 80-1078.)

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

Sec. 1-109. Duties of Fiduciaries. A fiduciary with respect to a retirement system or pension fund established under this Code shall discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and:

(a) For the exclusive purpose of:

(1) Providing benefits to participants and their beneficiaries; and

(2) Defraying reasonable expenses of administering the retirement system or pension fund;

(b) With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims;

(c) By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(d) In accordance with the provisions of the Article of the Pension Code governing the retirement system or pension fund.

(Source: P.A. 82-960.)

(40 ILCS 5/1-109.1) (from Ch. 108 1/2, par. 1-109.1)

Sec. 1-109.1. Allocation and delegation of fiduciary duties.

(1) Subject to the provisions of Section 22A-113 of this Code and subsections (2) and (3) of this Section, the board of trustees of a retirement system or pension fund established under this Code may:

(a) Appoint one or more investment managers as fiduciaries to manage (including the power to acquire and dispose of) any assets of the retirement system or pension fund; and

(b) Allocate duties among themselves and designate others as fiduciaries to carry out specific fiduciary activities other than the management of the assets of the retirement system or pension fund.

(2) The board of trustees of a pension fund established under Article 5, 6, 8, 9, 10, 11, 12 or 17 of this Code may

not transfer its investment authority, nor transfer the assets of the fund to any other person or entity for the purpose of consolidating or merging its assets and management with any other pension fund or public investment authority, unless the board resolution authorizing such transfer is submitted for approval to the contributors and pensioners of the fund at elections held not less than 30 days after the adoption of such resolution by the board, and such resolution is approved by a majority of the votes cast on the question in both the contributors election and the pensioners election. The election procedures and qualifications governing the election of trustees shall govern the submission of resolutions for approval under this paragraph, insofar as they may be made applicable.

(3) Pursuant to subsections (h) and (i) of Section 6 of Article VII of the Illinois Constitution, the investment authority of boards of trustees of retirement systems and pension funds established under this Code is declared to be a subject of exclusive State jurisdiction, and the concurrent exercise by a home rule unit of any power affecting such investment authority is hereby specifically denied and preempted.

(4) For the purposes of this Code, "emerging investment manager" means a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a "minority owned business", "female owned business" or "business owned by a person with a disability" as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

It is hereby declared to be the public policy of the State of Illinois to encourage the trustees of public employee retirement systems, pension funds, and investment boards to use emerging investment managers in managing their system's assets, encompassing all asset classes, and increase the racial, ethnic, and gender diversity of its fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence, and to take affirmative steps to remove any barriers to the full participation in investment opportunities afforded by those retirement systems, pension funds, and investment boards.

On or before January 1, 2010, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for utilization of emerging investment managers. This policy shall include quantifiable goals for the management of assets in specific asset classes by emerging investment managers. The retirement system, pension fund, or investment board shall establish 3 separate goals for: (i) emerging investment managers that are minority owned businesses; (ii) emerging investment managers that are female owned businesses; and (iii) emerging investment managers that are businesses owned by a person with a disability. The goals established shall be based on the percentage of total dollar amount of investment service contracts let to minority owned businesses, female owned businesses, and businesses owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. The retirement system, pension fund, or

investment board shall annually review the goals established under this subsection.

If in any case an emerging investment manager meets the criteria established by a board for a specific search and meets the criteria established by a consultant for that search, then that emerging investment manager shall receive an invitation by the board of trustees, or an investment committee of the board of trustees, to present his or her firm for final consideration of a contract. In the case where multiple emerging investment managers meet the criteria of this Section, the staff may choose the most qualified firm or firms to present to the board.

The use of an emerging investment manager does not constitute a transfer of investment authority for the purposes of subsection (2) of this Section.

(5) Each retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall establish a policy that sets forth goals for increasing the racial, ethnic, and gender diversity of its fiduciaries, including its consultants and senior staff. Each system, fund, and investment board shall annually review the goals established under this subsection.

(6) On or before January 1, 2010, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for utilization of businesses owned by minorities, females, and persons with disabilities for all contracts and services. The goals established shall be based on the percentage of total dollar amount of all contracts let to minority owned businesses, female owned businesses, and businesses owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. The retirement system, pension fund, or investment board shall annually review the goals established under this subsection.

(7) On or before January 1, 2010, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for increasing the utilization of minority broker-dealers. For the purposes of this Code, "minority broker-dealer" means a qualified broker-dealer who meets the definition of "minority owned business", "female owned business", or "business owned by a person with a disability", as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. The retirement system, pension fund, or investment board shall annually review the goals established under this Section.

(8) Each retirement system, pension fund, and investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall submit a report to the Governor and the General Assembly by January 1 of each year that includes the following: (i) the policy adopted under subsection (4) of this Section, including the names and addresses of the emerging investment managers used, percentage of the assets under the investment control of emerging investment managers for the 3 separate goals, and the actions it has undertaken to increase the use of emerging

investment managers, including encouraging other investment managers to use emerging investment managers as subcontractors when the opportunity arises; (ii) the policy adopted under subsection (5) of this Section; (iii) the policy adopted under subsection (6) of this Section; (iv) the policy adopted under subsection (7) of this Section, including specific actions undertaken to increase the use of minority broker-dealers; and (v) the policy adopted under subsection (9) of this Section.

(9) On or before February 1, 2015, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for increasing the utilization of minority investment managers. For the purposes of this Code, "minority investment manager" means a qualified investment manager that manages an investment portfolio and meets the definition of "minority owned business", "female owned business", or "business owned by a person with a disability", as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

It is hereby declared to be the public policy of the State of Illinois to encourage the trustees of public employee retirement systems, pension funds, and investment boards to use minority investment managers in managing their systems' assets, encompassing all asset classes, and to increase the racial, ethnic, and gender diversity of their fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence, and to take affirmative steps to remove any barriers to the full participation in investment opportunities afforded by those retirement systems, pension funds, and investment boards.

The retirement system, pension fund, or investment board shall establish 3 separate goals for: (i) minority investment managers that are minority owned businesses; (ii) minority investment managers that are female owned businesses; and (iii) minority investment managers that are businesses owned by a person with a disability. The retirement system, pension fund, or investment board shall annually review the goals established under this Section.

If in any case a minority investment manager meets the criteria established by a board for a specific search and meets the criteria established by a consultant for that search, then that minority investment manager shall receive an invitation by the board of trustees, or an investment committee of the board of trustees, to present his or her firm for final consideration of a contract. In the case where multiple minority investment managers meet the criteria of this Section, the staff may choose the most qualified firm or firms to present to the board.

The use of a minority investment manager does not constitute a transfer of investment authority for the purposes of subsection (2) of this Section.

(Source: P.A. 98-1022, eff. 1-1-15.)

(40 ILCS 5/1-109.2) (from Ch. 108 1/2, par. 1-109.2)

Sec. 1-109.2. Extent of Cofiduciary Duties. (a) (1) Except to the extent otherwise required in subsection (b) of this Section, a fiduciary of a retirement system or pension fund to whom a specified duty has not been allocated shall not be responsible or liable for an act or omission, in connection

with that duty, by the fiduciary to whom that duty has been allocated, except to the extent that the allocation, or the continuation thereof, is a violation of Section 1-109 of this Code. Nothing in this paragraph (1) shall be construed to relieve a fiduciary from responsibility or liability for any act by that fiduciary.

(2) Except to the extent otherwise required in subsection (b) of this Section a fiduciary shall not be responsible or liable for an act or omission, in connection with a specific fiduciary activity, by any other person who has been designated to carry out that fiduciary activity, except to the extent that the designation, or the continuation thereof at any time under the circumstances then prevailing, is a violation of Section 1-109 of this Code. Nothing in this paragraph (2) shall be construed to relieve a fiduciary from responsibility for any act by that fiduciary.

(b) With respect to any retirement system or pension fund established under this Code:

(1) Each trustee shall use reasonable care to prevent any other trustee from committing a breach of duty; and

(2) Subject to the provisions of Section 22A-113 of this Code, all trustees shall jointly manage and control the assets of the retirement system or pension fund.

Nothing in this subsection (b) shall be construed to attribute a duty to a trustee which would be inconsistent with the appointment of, and delegation of authority to, an investment manager in accordance with paragraph (a) of Section 1-109.1 of this Code.

(Source: P.A. 82-960.)

(40 ILCS 5/1-109.3)

Sec. 1-109.3. Training requirement for pension trustees.

(a) All elected and appointed trustees under Article 3 and 4 of this Code must participate in a mandatory trustee certification training seminar that consists of at least 32 hours of initial trustee certification at a training facility that is accredited and affiliated with a State of Illinois certified college or university. This training must include without limitation all of the following:

(1) Duties and liabilities of a fiduciary under Article 1 of the Illinois Pension Code.

(2) Adjudication of pension claims.

(3) Basic accounting and actuarial training.

(4) Trustee ethics.

(5) The Illinois Open Meetings Act.

(6) The Illinois Freedom of Information Act.

The training required under this subsection (a) must be completed within the first year that a trustee is elected or appointed under an Article 3 or 4 pension fund. The elected and appointed trustees of an Article 3 or 4 pension fund who are police officers (as defined in Section 3-106 of this Code) or firefighters (as defined in Section 4-106 of this Code) or are employed by the municipality shall be permitted time away from their duties to attend such training without reduction of accrued leave or benefit time. Active or appointed trustees serving on the effective date of this amendatory Act of the 96th General Assembly shall not be required to attend the training required under this subsection (a).

(b) In addition to the initial trustee certification training required under subsection (a), all elected and

appointed trustees under Article 3 and 4 of this Code, including trustees serving on the effective date of this amendatory Act of the 96th General Assembly, shall also participate in a minimum of 16 hours of continuing trustee education each year after the first year that the trustee is elected or appointed.

(c) The training required under this Section shall be paid for by the pension fund.

(d) Any board member who does not timely complete the training required under this Section is not eligible to serve on the board of trustees of an Article 3 or 4 pension fund, unless the board member completes the missed training within 6 months after the date the member failed to complete the required training. In the event of a board member's failure to complete the required training, a successor shall be appointed or elected, as applicable, for the unexpired term. A successor who is elected under such circumstances must be elected at a special election called by the board and conducted in the same manner as a regular election under Article 3 or 4, as applicable.

(Source: P.A. 96-429, eff. 8-13-09.)

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

(a) A fiduciary with respect to a retirement system, pension fund, or investment board shall not cause the retirement system or pension fund to engage in a transaction if he or she knows or should know that such transaction constitutes a direct or indirect:

(1) Sale or exchange, or leasing of any property from the retirement system or pension fund to a party in interest for less than adequate consideration, or from a party in interest to a retirement system or pension fund for more than adequate consideration.

(2) Lending of money or other extension of credit from the retirement system or pension fund to a party in interest without the receipt of adequate security and a reasonable rate of interest, or from a party in interest to a retirement system or pension fund with the provision of excessive security or an unreasonably high rate of interest.

(3) Furnishing of goods, services or facilities from the retirement system or pension fund to a party in interest for less than adequate consideration, or from a party in interest to a retirement system or pension fund for more than adequate consideration.

(4) Transfer to, or use by or for the benefit of, a party in interest of any assets of a retirement system or pension fund for less than adequate consideration.

(b) A fiduciary with respect to a retirement system or pension fund established under this Code shall not:

(1) Deal with the assets of the retirement system or pension fund in his own interest or for his own account;

(2) In his individual or any other capacity act in any transaction involving the retirement system or pension fund on behalf of a party whose interests are adverse to the interests of the retirement system or pension fund or the interests of its participants or beneficiaries; or

(3) Receive any consideration for his own personal account from any party dealing with the retirement system

or pension fund in connection with a transaction involving the assets of the retirement system or pension fund.

(c) Nothing in this Section shall be construed to prohibit any trustee from:

(1) Receiving any benefit to which he may be entitled as a participant or beneficiary in the retirement system or pension fund.

(2) Receiving any reimbursement of expenses properly and actually incurred in the performance of his duties with the retirement system or pension fund.

(3) Serving as a trustee in addition to being an officer, employee, agent or other representative of a party in interest.

(d) A fiduciary of a pension fund established under Article 3 or 4 shall not knowingly cause or advise the pension fund to engage in an investment transaction when the fiduciary (i) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (ii) has a business relationship with that investment adviser that would result in a pecuniary benefit to the fiduciary as a result of the investment transaction.

Violation of this subsection (d) is a Class 4 felony.

(e) A board member, employee, or consultant with respect to a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2, shall not knowingly cause or advise the retirement system, pension fund, or investment board to engage in an investment transaction with an investment adviser when the board member, employee, consultant, or their spouse (i) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (ii) has a relationship with that investment adviser that would result in a pecuniary benefit to the board member, employee, or consultant or spouse of such board member, employee, or consultant as a result of the investment transaction. For purposes of this subsection (e), a consultant includes an employee or agent of a consulting firm who has greater than 7.5% ownership of the consulting firm.

Violation of this subsection (e) is a Class 4 felony.

(Source: P.A. 95-950, eff. 8-29-08; 96-6, eff. 4-3-09.)

(40 ILCS 5/1-110.5)

Sec. 1-110.5. (Repealed).

(Source: P.A. 94-79, eff. 1-27-06. Repealed by P.A. 95-521, eff. 8-28-07.)

(40 ILCS 5/1-110.6)

Sec. 1-110.6. Transactions prohibited by retirement systems; Republic of the Sudan.

(a) The Government of the United States has determined that Sudan is a nation that sponsors terrorism and genocide. The General Assembly finds that acts of terrorism have caused injury and death to Illinois and United States residents who serve in the United States military, and pose a significant threat to safety and health in Illinois. The General Assembly finds that public employees and their families, including police officers and firefighters, are more likely than others

to be affected by acts of terrorism. The General Assembly finds that Sudan continues to solicit investment and commercial activities by forbidden entities, including private market funds. The General Assembly finds that investments in forbidden entities are inherently and unduly risky, not in the interests of public pensioners and Illinois taxpayers, and against public policy. The General Assembly finds that Sudan's capacity to sponsor terrorism and genocide depends on or is supported by the activities of forbidden entities. The General Assembly further finds and re-affirms that the people of the State, acting through their representatives, do not want to be associated with forbidden entities, genocide, and terrorism.

(b) For purposes of this Section:

"Business operations" means maintaining, selling, or leasing equipment, facilities, personnel, or any other apparatus of business or commerce in the Republic of the Sudan, including the ownership or possession of real or personal property located in the Republic of the Sudan.

"Certifying company" means a company that (1) directly provides asset management services or advice to a retirement system or (2) as directly authorized or requested by a retirement system (A) identifies particular investment options for consideration or approval; (B) chooses particular investment options; or (C) allocates particular amounts to be invested. If no company meets the criteria set forth in this paragraph, then "certifying company" shall mean the retirement system officer who, as designated by the board, executes the investment decisions made by the board, or, in the alternative, the company that the board authorizes to complete the certification as the agent of that officer.

"Company" is any entity capable of affecting commerce, including but not limited to (i) a government, government agency, natural person, legal person, sole proprietorship, partnership, firm, corporation, subsidiary, affiliate, franchisor, franchisee, joint venture, trade association, financial institution, utility, public franchise, provider of financial services, trust, or enterprise; and (ii) any association thereof.

"Department" means the Public Pension Division of the Department of Financial and Professional Regulation.

"Forbidden entity" means any of the following:

(1) The government of the Republic of the Sudan and any of its agencies, including but not limited to political units and subdivisions;

(2) Any company that is wholly or partially managed or controlled by the government of the Republic of the Sudan and any of its agencies, including but not limited to political units and subdivisions;

(3) Any company (i) that is established or organized under the laws of the Republic of the Sudan or (ii) whose principal place of business is in the Republic of the Sudan;

(4) Any company (i) identified by the Office of

Foreign Assets Control in the United States Department of the Treasury as sponsoring terrorist activities in the Republic of the Sudan; or (ii) fined, penalized, or sanctioned by the Office of Foreign Assets Control in the United States Department of the Treasury for any violation of any United States rules and restrictions relating to the Republic of the Sudan that occurred at any time

following the effective date of this Act;

(5) Any publicly traded company that is individually identified by an independent researching firm that specializes in global security risk and that has been retained by a certifying company as provided in subsection (c) of this Section as being a company that owns or controls property or assets located in, has employees or facilities located in, provides goods or services to, obtains goods or services from, has distribution agreements with, issues credits or loans to, purchases bonds or commercial paper issued by, or invests in (A) the Republic of the Sudan; or (B) any company domiciled in the Republic of the Sudan; and

(6) Any private market fund that fails to satisfy the requirements set forth in subsections (d) and (e) of this Section.

Notwithstanding the foregoing, the term "forbidden entity" shall exclude (A) mutual funds that meet the requirements of item (iii) of paragraph (13) of Section 1-113.2 and (B) companies that transact business in the Republic of the Sudan under the law, license, or permit of the United States, including a license from the United States Department of the Treasury, and companies, except agencies of the Republic of the Sudan, who are certified as Non-Government Organizations by the United Nations, or who engage solely in (i) the provision of goods and services intended to relieve human suffering or to promote welfare, health, religious and spiritual activities, and education or humanitarian purposes; or (ii) journalistic activities.

"Private market fund" means any private equity fund, private equity fund of funds, venture capital fund, hedge fund, hedge fund of funds, real estate fund, or other investment vehicle that is not publicly traded.

"Republic of the Sudan" means those geographic areas of the Republic of Sudan that are subject to sanction or other restrictions placed on commercial activity imposed by the United States Government due to an executive or congressional declaration of genocide.

"Retirement system" means the State Employees' Retirement System of Illinois, the Judges Retirement System of Illinois, the General Assembly Retirement System, the State Universities Retirement System, and the Teachers' Retirement System of the State of Illinois.

(c) A retirement system shall not transfer or disburse funds to, deposit into, acquire any bonds or commercial paper from, or otherwise loan to or invest in any entity unless, as provided in this Section, a certifying company certifies to the retirement system that, (1) with respect to investments in a publicly traded company, the certifying company has relied on information provided by an independent researching firm that specializes in global security risk and (2) 100% of the retirement system's assets for which the certifying company provides services or advice are not and have not been invested or reinvested in any forbidden entity at any time after 4 months after the effective date of this Section.

The certifying company shall make the certification required under this subsection (c) to a retirement system 6 months after the effective date of this Section and annually thereafter. A retirement system shall submit the certifications to the Department, and the Department shall

notify the Secretary of Financial and Professional Regulation if a retirement system fails to do so.

(d) With respect to a commitment or investment made pursuant to a written agreement executed prior to the effective date of this Section, each private market fund shall submit to the appropriate certifying company, at no additional cost to the retirement system:

(1) an affidavit sworn under oath in which an expressly authorized officer of the private market fund avers that the private market fund (A) does not own or control any property or asset located in the Republic of the Sudan and (B) does not conduct business operations in the Republic of the Sudan; or

(2) a certificate in which an expressly authorized officer of the private market fund certifies that the private market fund, based on reasonable due diligence, has determined that, other than direct or indirect investments in companies certified as Non-Government Organizations by the United Nations, the private market fund has no direct or indirect investment in any company (A) organized under the laws of the Republic of the Sudan; (B) whose principal place of business is in the Republic of the Sudan; or (C) that conducts business operations in the Republic of the Sudan. Such certificate shall be based upon the periodic reports received by the private market fund, and the private market fund shall agree that the certifying company, directly or through an agent, or the retirement system, as the case may be, may from time to time review the private market fund's certification process.

(e) With respect to a commitment or investment made pursuant to a written agreement executed after the effective date of this Section, each private market fund shall, at no additional cost to the retirement system:

(1) submit to the appropriate certifying company an affidavit or certificate consistent with the requirements pursuant to subsection (d) of this Section; or

(2) enter into an enforceable written agreement with the retirement system that provides for remedies consistent with those set forth in subsection (g) of this Section if any of the assets of the retirement system shall be transferred, loaned, or otherwise invested in any company that directly or indirectly (A) has facilities or employees in the Republic of the Sudan or (B) conducts business operations in the Republic of the Sudan.

(f) In addition to any other penalties and remedies available under the law of Illinois and the United States, any transaction, other than a transaction with a private market fund that is governed by subsections (g) and (h) of this Section, that violates the provisions of this Act shall be against public policy and voidable, at the sole discretion of the retirement system.

(g) If a private market fund fails to provide the affidavit or certification required in subsections (d) and (e) of this Section, then the retirement system shall, within 90 days, divest, or attempt in good faith to divest, the retirement system's interest in the private market fund, provided that the Board of the retirement system confirms through resolution that the divestment does not have a material and adverse impact on the retirement system. The

retirement system shall immediately notify the Department, and the Department shall notify all other retirement systems, as soon as practicable, by posting the name of the private market fund on the Department's Internet website or through e-mail communications. No other retirement system may enter into any agreement under which the retirement system directly or indirectly invests in the private market fund unless the private market fund provides that retirement system with the affidavit or certification required in subsections (d) and (e) of this Section and complies with all other provisions of this Section.

(h) If a private market fund fails to fulfill its obligations under any agreement provided for in paragraph (2) of subsection (e) of this Section, the retirement system shall immediately take legal and other action to obtain satisfaction through all remedies and penalties available under the law and the agreement itself. The retirement system shall immediately notify the Department, and the Department shall notify all other retirement systems, as soon as practicable, by posting the name of the private market fund on the Department's Internet website or through e-mail communications, and no other retirement system may enter into any agreement under which the retirement system directly or indirectly invests in the private market fund.

(i) This Section shall have full force and effect during any period in which the Republic of the Sudan, or the officials of the government of that Republic, are subject to sanctions authorized under any statute or executive order of the United States or until such time as the State Department of the United States confirms in the federal register or through other means that the Republic of the Sudan is no longer subject to sanctions by the government of the United States.

(j) If any provision of this Section or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect other provisions or applications of this Section that can be given effect without the invalid provision or application.

(Source: P.A. 95-521, eff. 8-28-07.)

(40 ILCS 5/1-110.10)

Sec. 1-110.10. Servicer certification.

(a) For the purposes of this Section:

"Illinois finance entity" means any entity chartered under the Illinois Banking Act, the Savings Bank Act, the Illinois Credit Union Act, or the Illinois Savings and Loan Act of 1985 and any person or entity licensed under the Residential Mortgage License Act of 1987, the Consumer Installment Loan Act, or the Sales Finance Agency Act.

"Retirement system or pension fund" means a retirement system or pension fund established under this Code.

(b) In order for an Illinois finance entity to be eligible for investment or deposit of retirement system or pension fund assets, the Illinois finance entity must annually certify that it complies with the requirements of the High Risk Home Loan Act and the rules adopted pursuant to that Act that are applicable to that Illinois finance entity. For Illinois finance entities with whom the retirement system or pension fund is investing or depositing assets on the effective date of this Section, the initial certification required under this

Section shall be completed within 6 months after the effective date of this Section. For Illinois finance entities with whom the retirement system or pension fund is not investing or depositing assets on the effective date of this Section, the initial certification required under this Section must be completed before the retirement system or pension fund may invest or deposit assets with the Illinois finance entity.

(c) A retirement system or pension fund shall submit the certifications to the Public Pension Division of the Department of Financial and Professional Regulation, and the Division shall notify the Secretary of Financial and Professional Regulation if a retirement system or pension fund fails to do so.

(d) If an Illinois finance entity fails to provide an initial certification within 6 months after the effective date of this Section or fails to submit an annual certification, then the retirement system or pension fund shall notify the Illinois finance entity. The Illinois finance entity shall, within 30 days after the date of notification, either (i) notify the retirement system or pension fund of its intention to certify and complete certification or (ii) notify the retirement system or pension fund of its intention to not complete certification. If an Illinois finance entity fails to provide certification, then the retirement system or pension fund shall, within 90 days, divest, or attempt in good faith to divest, the retirement system's or pension fund's assets with that Illinois finance entity. The retirement system or pension fund shall immediately notify the Department of the Illinois finance entity's failure to provide certification.

(e) If any provision of this Section or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect other provisions or applications of this Section that can be given effect without the invalid provision or application.

(Source: P.A. 95-521, eff. 8-28-07; 95-876, eff. 8-21-08.)

(40 ILCS 5/1-110.15)

Sec. 1-110.15. Transactions prohibited by retirement systems; Iran.

(a) As used in this Section:

"Active business operations" means all business operations that are not inactive business operations.

"Business operations" means engaging in commerce in any form in Iran, including, but not limited to, acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.

"Company" means any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association, including all wholly owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates of those entities or business associations, that exists for the purpose of making profit.

"Direct holdings" in a company means all securities of that company that are held directly by the retirement system or in an account or fund in which the retirement system owns all shares or interests.

"Inactive business operations" means the mere continued

holding or renewal of rights to property previously operated for the purpose of generating revenues but not presently deployed for that purpose.

"Indirect holdings" in a company means all securities of that company which are held in an account or fund, such as a mutual fund, managed by one or more persons not employed by the retirement system, in which the retirement system owns shares or interests together with other investors not subject to the provisions of this Section.

"Mineral-extraction activities" include exploring, extracting, processing, transporting, or wholesale selling or trading of elemental minerals or associated metal alloys or oxides (ore), including gold, copper, chromium, chromite, diamonds, iron, iron ore, silver, tungsten, uranium, and zinc.

"Oil-related activities" include, but are not limited to, owning rights to oil blocks; exporting, extracting, producing, refining, processing, exploring for, transporting, selling, or trading of oil; and constructing, maintaining, or operating a pipeline, refinery, or other oil-field infrastructure. The mere retail sale of gasoline and related consumer products is not considered an oil-related activity.

"Petroleum resources" means petroleum, petroleum byproducts, or natural gas.

"Private market fund" means any private equity fund, private equity fund of funds, venture capital fund, hedge fund, hedge fund of funds, real estate fund, or other investment vehicle that is not publicly traded.

"Retirement system" means the State Employees' Retirement System of Illinois, the Judges Retirement System of Illinois, the General Assembly Retirement System, the State Universities Retirement System, and the Teachers' Retirement System of the State of Illinois.

"Scrutinized business operations" means business operations that have caused a company to become a scrutinized company.

"Scrutinized company" means the company has business operations that involve contracts with or provision of supplies or services to the Government of Iran, companies in which the Government of Iran has any direct or indirect equity share, consortiums or projects commissioned by the Government of Iran, or companies involved in consortiums or projects commissioned by the Government of Iran and:

(1) more than 10% of the company's revenues produced in or assets located in Iran involve oil-related activities or mineral-extraction activities; less than 75% of the company's revenues produced in or assets located in Iran involve contracts with or provision of oil-related or mineral-extraction products or services to the Government of Iran or a project or consortium created exclusively by that government; and the company has failed to take substantial action; or

(2) the company has, on or after August 5, 1996, made an investment of \$20 million or more, or any combination of investments of at least \$10 million each that in the aggregate equals or exceeds \$20 million in any 12-month period, that directly or significantly contributes to the enhancement of Iran's ability to develop petroleum resources of Iran.

"Substantial action" means adopting, publicizing, and implementing a formal plan to cease scrutinized business

operations within one year and to refrain from any such new business operations.

(b) Within 90 days after the effective date of this Section, a retirement system shall make its best efforts to identify all scrutinized companies in which the retirement system has direct or indirect holdings.

These efforts shall include the following, as appropriate in the retirement system's judgment:

(1) reviewing and relying on publicly available information regarding companies having business operations in Iran, including information provided by nonprofit organizations, research firms, international organizations, and government entities;

(2) contacting asset managers contracted by the retirement system that invest in companies having business operations in Iran; and

(3) Contacting other institutional investors that have divested from or engaged with companies that have business operations in Iran.

The retirement system may retain an independent research firm to identify scrutinized companies in which the retirement system has direct or indirect holdings. By the first meeting of the retirement system following the 90-day period described in this subsection (b), the retirement system shall assemble all scrutinized companies identified into a scrutinized companies list.

The retirement system shall update the scrutinized companies list annually based on evolving information from, among other sources, those listed in this subsection (b).

(c) The retirement system shall adhere to the following procedures for companies on the scrutinized companies list:

(1) The retirement system shall determine the companies on the scrutinized companies list in which the retirement system owns direct or indirect holdings.

(2) For each company identified in item (1) of this subsection (c) that has only inactive business operations, the retirement system shall send a written notice informing the company of this Section and encouraging it to continue to refrain from initiating active business operations in Iran until it is able to avoid scrutinized business operations. The retirement system shall continue such correspondence semiannually.

(3) For each company newly identified in item (1) of this subsection (c) that has active business operations, the retirement system shall send a written notice informing the company of its scrutinized company status and that it may become subject to divestment by the retirement system. The notice must inform the company of the opportunity to clarify its Iran-related activities and encourage the company, within 90 days, to cease its scrutinized business operations or convert such operations to inactive business operations in order to avoid qualifying for divestment by the retirement system.

(4) If, within 90 days after the retirement system's first engagement with a company pursuant to this subsection (c), that company ceases scrutinized business operations, the company shall be removed from the scrutinized companies list and the provisions of this Section shall cease to apply to it unless it resumes scrutinized business operations. If, within 90 days after

the retirement system's first engagement, the company converts its scrutinized active business operations to inactive business operations, the company is subject to all provisions relating thereto.

(d) If, after 90 days following the retirement system's first engagement with a company pursuant to subsection (c), the company continues to have scrutinized active business operations, and only while such company continues to have scrutinized active business operations, the retirement system shall sell, redeem, divest, or withdraw all publicly traded securities of the company, except as provided in paragraph (f), from the retirement system's assets under management within 12 months after the company's most recent appearance on the scrutinized companies list.

If a company that ceased scrutinized active business operations following engagement pursuant to subsection (c) resumes such operations, this subsection (d) immediately applies, and the retirement system shall send a written notice to the company. The company shall also be immediately reintroduced onto the scrutinized companies list.

(e) The retirement system may not acquire securities of companies on the scrutinized companies list that have active business operations, except as provided in subsection (f).

(f) A company that the United States Government affirmatively declares to be excluded from its present or any future federal sanctions regime relating to Iran is not subject to divestment or the investment prohibition pursuant to subsections (d) and (e).

(g) Notwithstanding the provisions of this Section, paragraphs (d) and (e) do not apply to indirect holdings in a private market fund. However, the retirement system shall submit letters to the managers of those investment funds containing companies that have scrutinized active business operations requesting that they consider removing the companies from the fund or create a similar actively managed fund having indirect holdings devoid of the companies. If the manager creates a similar fund, the retirement system shall replace all applicable investments with investments in the similar fund in an expedited timeframe consistent with prudent investing standards.

(h) The retirement system shall file a report with the Public Pension Division of the Department of Financial and Professional Regulation that includes the scrutinized companies list within 30 days after the list is created. This report shall be made available to the public.

The retirement system shall file an annual report with the Public Pension Division, which shall be made available to the public, that includes all of the following:

(1) A summary of correspondence with companies engaged by the retirement system under items (2) and (3) of subsection (c).

(2) All investments sold, redeemed, divested, or withdrawn in compliance with subsection (d).

(3) All prohibited investments under subsection (e).

(4) A summary of correspondence with private market funds notified under subsection (g).

(i) This Section expires upon the occurrence of any of the following:

(1) The United States revokes all sanctions imposed against the Government of Iran.

declares that the Government of Iran has ceased to acquire weapons of mass destruction and to support international terrorism.

(3) The Congress or President of the United States, through legislation or executive order, declares that mandatory divestment of the type provided for in this Section interferes with the conduct of United States foreign policy.

(j) With respect to actions taken in compliance with this Act, including all good-faith determinations regarding companies as required by this Act, the retirement system is exempt from any conflicting statutory or common law obligations, including any fiduciary duties under this Article and any obligations with respect to choice of asset managers, investment funds, or investments for the retirement system's securities portfolios.

(k) Notwithstanding any other provision of this Section to the contrary, the retirement system may cease divesting from scrutinized companies pursuant to subsection (d) or reinvest in scrutinized companies from which it divested pursuant to subsection (d) if clear and convincing evidence shows that the value of investments in scrutinized companies with active scrutinized business operations becomes equal to or less than 0.5% of the market value of all assets under management by the retirement system. Cessation of divestment, reinvestment, or any subsequent ongoing investment authorized by this Section is limited to the minimum steps necessary to avoid the contingency set forth in this subsection (k). For any cessation of divestment, reinvestment, or subsequent ongoing investment authorized by this Section, the retirement system shall provide a written report to the Public Pension Division in advance of initial reinvestment, updated semiannually thereafter as applicable, setting forth the reasons and justification, supported by clear and convincing evidence, for its decisions to cease divestment, reinvest, or remain invested in companies having scrutinized active business operations. This Section does not apply to reinvestment in companies on the grounds that they have ceased to have scrutinized active business operations.

(l) If any provision of this Section or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Section are severable.

(Source: P.A. 95-616, eff. 1-1-08; 95-876, eff. 8-21-08.)

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

Sec. 1-111. Ten Per Cent Limitation of Employer Securities. A plan may not acquire a security issued by an employer of employees covered by the retirement system or pension fund, if immediately after such acquisition, the aggregate fair market value of such employer securities held by the retirement system or pension fund exceed 10 per cent of the fair market value of the assets of the retirement system or pension fund.

(Source: P.A. 81-948.)

(40 ILCS 5/1-113) (from Ch. 108 1/2, par. 1-113)

Sec. 1-113. Investment authority of certain pension funds, not including those established under Article 3 or 4. The investment authority of a board of trustees of a retirement system or pension fund established under this Code shall, if so provided in the Article establishing such retirement system or pension fund, embrace the following investments:

(1) Bonds, notes and other direct obligations of the United States Government; bonds, notes and other obligations of any United States Government agency or instrumentality, whether or not guaranteed; and obligations the principal and interest of which are guaranteed unconditionally by the United States Government or by an agency or instrumentality thereof.

(2) Obligations of the Inter-American Development Bank, the International Bank for Reconstruction and Development, the African Development Bank, the International Finance Corporation, and the Asian Development Bank.

(3) Obligations of any state, or of any political subdivision in Illinois, or of any county or city in any other state having a population as shown by the last federal census of not less than 30,000 inhabitants provided that such political subdivision is not permitted by law to become indebted in excess of 10% of the assessed valuation of property therein and has not defaulted for a period longer than 30 days in the payment of interest and principal on any of its general obligations or indebtedness during a period of 10 calendar years immediately preceding such investment.

(4) Nonconvertible bonds, debentures, notes and other corporate obligations of any corporation created or existing under the laws of the United States or any state, district or territory thereof, provided there has been no default on the obligations of the corporation or its predecessor(s) during the 5 calendar years immediately preceding the purchase. Up to 5% of the assets of a pension fund established under Article 9 of this Code may be invested in nonconvertible bonds, debentures, notes, and other corporate obligations of corporations created or existing under the laws of a foreign country, provided there has been no default on the obligations of the corporation or its predecessors during the 5 calendar years immediately preceding the date of purchase.

(5) Obligations guaranteed by the Government of Canada, or by any Province of Canada, or by any Canadian city with a population of not less than 150,000 inhabitants, provided (a) they are payable in United States currency and are exempt from any Canadian withholding tax; (b) the investment in any one issue of bonds shall not exceed 10% of the amount outstanding; and (c) the total investments at book value in Canadian securities shall be limited to 5% of the total investment account of the board at book value.

(5.1) Direct obligations of the State of Israel for the payment of money, or obligations for the payment of money which are guaranteed as to the payment of principal and interest by the State of Israel, or common or preferred stock or notes issued by a bank owned or controlled in whole or in part by the State of Israel, on the following conditions:

(a) The total investments in such obligations shall not exceed 5% of the book value of the aggregate investments owned by the board;

(b) The State of Israel shall not be in default in the payment of principal or interest on any of its direct general obligations on the date of such investment;

shall be payable in currency of the United States;

(d) The bonds shall (1) contain an option for the redemption thereof after 90 days from date of purchase or (2) either become due 5 years from the date of their purchase or be subject to redemption 120 days after the date of notice for redemption;

(e) The investment in these obligations has been approved in writing by investment counsel employed by the board, which counsel shall be a national or state bank or trust company authorized to do a trust business in the State of Illinois, or an investment advisor qualified under the Federal Investment Advisors Act of 1940 and registered under the Illinois Securities Act of 1953;

(f) The fund or system making the investment shall have at least \$5,000,000 of net present assets.

(6) Notes secured by mortgages under Sections 203, 207, 220 and 221 of the National Housing Act which are insured by the Federal Housing Commissioner, or his successor assigns, or debentures issued by such Commissioner, which are guaranteed as to principal and interest by the Federal Housing Administration, or agency of the United States Government, provided the aggregate investment shall not exceed 20% of the total investment account of the board at book value, and provided further that the investment in such notes under Sections 220 and 221 shall in no event exceed one-half of the maximum investment in notes under this paragraph.

(7) Loans to veterans guaranteed in whole or part by the United States Government pursuant to Title III of the Act of Congress known as the "Servicemen's Readjustment Act of 1944," 58 Stat. 284, 38 U.S.C. 693, as amended or supplemented from time to time, provided such guaranteed loans are liens upon real estate.

(8) Common and preferred stocks and convertible debt securities authorized for investment of trust funds under the laws of the State of Illinois, provided:

(a) the common stocks, except as provided in subparagraph (g), are listed on a national securities exchange or board of trade, as defined in the federal Securities Exchange Act of 1934, or quoted in the National Association of Securities Dealers Automated Quotation System (NASDAQ);

(b) the securities are of a corporation created or existing under the laws of the United States or any state, district or territory thereof, except that up to 5% of the assets of a pension fund established under Article 9 of this Code may be invested in securities issued by corporations created or existing under the laws of a foreign country, if those securities are otherwise in conformance with this paragraph (8);

(c) the corporation is not in arrears on payment of dividends on its preferred stock;

(d) the total book value of all stocks and

convertible debt owned by any pension fund or retirement system shall not exceed 40% of the aggregate book value of all investments of such pension fund or retirement system, except for a pension fund or retirement system governed by Article 9 or 17, where the total of all stocks and convertible debt shall not exceed 50% of the aggregate book value of all fund investments, and except for a

pension fund or retirement system governed by Article 13, where the total market value of all stocks and convertible debt shall not exceed 65% of the aggregate market value of all fund investments;

(e) the book value of stock and convertible debt investments in any one corporation shall not exceed 5% of the total investment account at book value in which such securities are held, determined as of the date of the investment, and the investments in the stock of any one corporation shall not exceed 5% of the total outstanding stock of such corporation, and the investments in the convertible debt of any one corporation shall not exceed 5% of the total amount of such debt that may be outstanding;

(f) the straight preferred stocks or convertible preferred stocks and convertible debt securities are issued or guaranteed by a corporation whose common stock qualifies for investment by the board; and

(g) that any common stocks not listed or quoted as provided in subdivision 8(a) above be limited to the following types of institutions: (a) any bank which is a member of the Federal Deposit Insurance Corporation having capital funds represented by capital stock, surplus and undivided profits of at least \$20,000,000; (b) any life insurance company having capital funds represented by capital stock, special surplus funds and unassigned surplus totalling at least \$50,000,000; and (c) any fire or casualty insurance company, or a combination thereof, having capital funds represented by capital stock, net surplus and voluntary reserves of at least \$50,000,000.

(9) Withdrawable accounts of State chartered and federal chartered savings and loan associations insured by the Federal Savings and Loan Insurance Corporation; deposits or certificates of deposit in State and national banks insured by the Federal Deposit Insurance Corporation; and share accounts or share certificate accounts in a State or federal credit union, the accounts of which are insured as required by the Illinois Credit Union Act or the Federal Credit Union Act, as applicable.

No bank or savings and loan association shall receive investment funds as permitted by this subsection (9), unless it has complied with the requirements established pursuant to Section 6 of the Public Funds Investment Act.

(10) Trading, purchase or sale of listed options on underlying securities owned by the board.

(11) Contracts and agreements supplemental thereto providing for investments in the general account of a life insurance company authorized to do business in Illinois.

(12) Conventional mortgage pass-through securities which are evidenced by interests in Illinois owner-occupied residential mortgages, having not less than an "A" rating from at least one national securities rating service. Such mortgages may have loan-to-value ratios up to 95%, provided that any amount over 80% is insured by private mortgage insurance. The pool of such mortgages shall be insured by mortgage guaranty or equivalent insurance, in accordance with industry standards.

(13) Pooled or commingled funds managed by a national or State bank which is authorized to do a trust business in the State of Illinois, shares of registered investment companies

as defined in the federal Investment Company Act of 1940 which are registered under that Act, and separate accounts of a life insurance company authorized to do business in Illinois, where such pooled or commingled funds, shares, or separate accounts are comprised of common or preferred stocks, bonds, or money market instruments.

(14) Pooled or commingled funds managed by a national or state bank which is authorized to do a trust business in the State of Illinois, separate accounts managed by a life insurance company authorized to do business in Illinois, and commingled group trusts managed by an investment adviser registered under the federal Investment Advisors Act of 1940 (15 U.S.C. 80b-1 et seq.) and under the Illinois Securities Law of 1953, where such pooled or commingled funds, separate accounts or commingled group trusts are comprised of real estate or loans upon real estate secured by first or second mortgages. The total investment in such pooled or commingled funds, commingled group trusts and separate accounts shall not exceed 10% of the aggregate book value of all investments owned by the fund.

(15) Investment companies which (a) are registered as such under the Investment Company Act of 1940, (b) are diversified, open-end management investment companies and (c) invest only in money market instruments.

(16) Up to 10% of the assets of the fund may be invested in investments not included in paragraphs (1) through (15) of this Section, provided that such investments comply with the requirements and restrictions set forth in Sections 1-109, 1-109.1, 1-109.2, 1-110 and 1-111 of this Code.

The board shall have the authority to enter into such agreements and to execute such documents as it determines to be necessary to complete any investment transaction.

Any limitations herein set forth shall be applicable only at the time of purchase and shall not require the liquidation of any investment at any time.

All investments shall be clearly held and accounted for to indicate ownership by such board. Such board may direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by a national or state bank or trust company authorized to conduct a trust business in the State of Illinois.

Investments shall be carried at cost or at a value determined in accordance with generally accepted accounting principles and accounting procedures approved by such board.

(Source: P.A. 92-53, eff. 7-12-01.)

(40 ILCS 5/1-113.1)

Sec. 1-113.1. Investment authority of pension funds established under Article 3 or 4. The board of trustees of a police pension fund established under Article 3 of this Code or firefighter pension fund established under Article 4 of this Code shall draw pension funds from the treasurer of the municipality and, beginning January 1, 1998, invest any part thereof in the name of the board in the items listed in Sections 1-113.2 through 1-113.4 according to the limitations and requirements of this Article. These investments shall be made with the care, skill, prudence, and diligence that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like

character with like aims.

Interest and any other income from the investments shall be credited to the pension fund.

For the purposes of Sections 1-113.2 through 1-113.11, the "net assets" of a pension fund include both the cash and invested assets of the pension fund.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.2)

Sec. 1-113.2. List of permitted investments for all Article 3 or 4 pension funds. Any pension fund established under Article 3 or 4 may invest in the following items:

(1) Interest bearing direct obligations of the United States of America.

(2) Interest bearing obligations to the extent that they are fully guaranteed or insured as to payment of principal and interest by the United States of America.

(3) Interest bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America. For the purposes of this Section, "agencies of the United States of America" includes: (i) the Federal National Mortgage Association and the Student Loan Marketing Association; (ii) federal land banks, federal intermediate credit banks, federal farm credit banks, and any other entity authorized to issue direct debt obligations of the United States of America under the Farm Credit Act of 1971 or amendments to that Act; (iii) federal home loan banks and the Federal Home Loan Mortgage Corporation; and (iv) any agency created by Act of Congress that is authorized to issue direct debt obligations of the United States of America.

(4) Interest bearing savings accounts or certificates of deposit, issued by federally chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.

(5) Interest bearing savings accounts or certificates of deposit, issued by State of Illinois chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.

(6) Investments in credit unions, to the extent that the investments are insured by agencies or instrumentalities of the federal government.

(7) Interest bearing bonds of the State of Illinois.

(8) Pooled interest bearing accounts managed by the Illinois Public Treasurer's Investment Pool in accordance with the Deposit of State Moneys Act, interest bearing funds or pooled accounts of the Illinois Metropolitan Investment Funds, and interest bearing funds or pooled accounts managed, operated, and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies in accordance with the laws of the State of Illinois.

(9) Interest bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois.

(10) Direct obligations of the State of Israel, subject to the conditions and limitations of item (5.1) of Section 1-113.

(11) Money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment

companies; provided that the portfolio of the money market mutual fund is limited to the following:

(i) bonds, notes, certificates of indebtedness, treasury bills, or other securities that are guaranteed by the full faith and credit of the United States of America as to principal and interest;

(ii) bonds, notes, debentures, or other similar obligations of the United States of America or its agencies; and

(iii) short term obligations of corporations organized in the United States with assets exceeding \$400,000,000, provided that (A) the obligations mature no later than 180 days from the date of purchase, (B) at the time of purchase, the obligations are rated by at least 2 standard national rating services at one of their 3 highest classifications, and (C) the obligations held by the mutual fund do not exceed 10% of the corporation's outstanding obligations.

(12) General accounts of life insurance companies authorized to transact business in Illinois.

(13) Any combination of the following, not to exceed 10% of the pension fund's net assets:

(i) separate accounts that are managed by life insurance companies authorized to transact business in Illinois and are comprised of diversified portfolios consisting of common or preferred stocks, bonds, or money market instruments;

(ii) separate accounts that are managed by insurance companies authorized to transact business in Illinois, and are comprised of real estate or loans upon real estate secured by first or second mortgages; and

(iii) mutual funds that meet the following requirements:

(A) the mutual fund is managed by an investment company as defined and registered under the federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953;

(B) the mutual fund has been in operation for at least 5 years;

(C) the mutual fund has total net assets of \$250 million or more; and

(D) the mutual fund is comprised of diversified portfolios of common or preferred stocks, bonds, or money market instruments.

(14) Corporate bonds managed through an investment advisor must meet all of the following requirements:

(1) The bonds must be rated as investment grade by one of the 2 largest rating services at the time of purchase.

(2) If subsequently downgraded below investment grade, the bonds must be liquidated from the portfolio within 90 days after being downgraded by the manager.

(Source: P.A. 96-1495, eff. 1-1-11.)

(40 ILCS 5/1-113.3)

Sec. 1-113.3. List of additional permitted investments for pension funds with net assets of \$2,500,000 or more.

(a) In addition to the items in Section 3-113.2, a pension fund established under Article 3 or 4 that has net assets of at least \$2,500,000 may invest a portion of its net assets in

the following items:

(1) Separate accounts that are managed by life insurance companies authorized to transact business in Illinois and are comprised of diversified portfolios consisting of common or preferred stocks, bonds, or money market instruments.

(2) Mutual funds that meet the following requirements:

(i) the mutual fund is managed by an investment company as defined and registered under the federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953;

(ii) the mutual fund has been in operation for at least 5 years;

(iii) the mutual fund has total net assets of \$250 million or more; and

(iv) the mutual fund is comprised of diversified portfolios of common or preferred stocks, bonds, or money market instruments.

(b) A pension fund's total investment in the items authorized under this Section shall not exceed 35% of the market value of the pension fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.4)

Sec. 1-113.4. List of additional permitted investments for pension funds with net assets of \$5,000,000 or more.

(a) In addition to the items in Sections 1-113.2 and 1-113.3, a pension fund established under Article 3 or 4 that has net assets of at least \$5,000,000 and has appointed an investment adviser under Section 1-113.5 may, through that investment adviser, invest a portion of its assets in common and preferred stocks authorized for investments of trust funds under the laws of the State of Illinois. The stocks must meet all of the following requirements:

(1) The common stocks are listed on a national securities exchange or board of trade (as defined in the federal Securities Exchange Act of 1934 and set forth in Section 3.G of the Illinois Securities Law of 1953) or quoted in the National Association of Securities Dealers Automated Quotation System National Market System (NASDAQ NMS).

(2) The securities are of a corporation created or existing under the laws of the United States or any state, district, or territory thereof and the corporation has been in existence for at least 5 years.

(3) The corporation has not been in arrears on payment of dividends on its preferred stock during the preceding 5 years.

(4) The market value of stock in any one corporation does not exceed 5% of the cash and invested assets of the pension fund, and the investments in the stock of any one corporation do not exceed 5% of the total outstanding stock of that corporation.

(5) The straight preferred stocks or convertible preferred stocks are issued or guaranteed by a corporation whose common stock qualifies for investment by the board.

(6) The issuer of the stocks has been subject to the requirements of Section 12 of the federal Securities

Exchange Act of 1934 and has been current with the filing requirements of Sections 13 and 14 of that Act during the preceding 3 years.

(b) A pension fund's total investment in the items authorized under this Section and Section 1-113.3 shall not exceed 35% of the market value of the pension fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

(c) A pension fund that invests funds under this Section shall electronically file with the Division any reports of its investment activities that the Division may require, at the times and in the format required by the Division.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.4a)

Sec. 1-113.4a. List of additional permitted investments for Article 3 and 4 pension funds with net assets of \$10,000,000 or more.

(a) In addition to the items in Sections 1-113.2 and 1-113.3, a pension fund established under Article 3 or 4 that has net assets of at least \$10,000,000 and has appointed an investment adviser, as defined under Sections 1-101.4 and 1-113.5, may, through that investment adviser, invest an additional portion of its assets in common and preferred stocks and mutual funds.

(b) The stocks must meet all of the following requirements:

(1) The common stocks must be listed on a national securities exchange or board of trade (as defined in the Federal Securities Exchange Act of 1934 and set forth in paragraph G of Section 3 of the Illinois Securities Law of 1953) or quoted in the National Association of Securities Dealers Automated Quotation System National Market System.

(2) The securities must be of a corporation in existence for at least 5 years.

(3) The market value of stock in any one corporation may not exceed 5% of the cash and invested assets of the pension fund, and the investments in the stock of any one corporation may not exceed 5% of the total outstanding stock of that corporation.

(4) The straight preferred stocks or convertible preferred stocks must be issued or guaranteed by a corporation whose common stock qualifies for investment by the board.

(c) The mutual funds must meet the following requirements:

(1) The mutual fund must be managed by an investment company registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953.

(2) The mutual fund must have been in operation for at least 5 years.

(3) The mutual fund must have total net assets of \$250,000,000 or more.

(4) The mutual fund must be comprised of a diversified portfolio of common or preferred stocks, bonds, or money market instruments.

(d) A pension fund's total investment in the items authorized under this Section and Section 1-113.3 shall not exceed 50% effective July 1, 2011 and 55% effective July 1, 2012 of the market value of the pension fund's net present

assets stated in its most recent annual report on file with the Department of Insurance.

(e) A pension fund that invests funds under this Section shall electronically file with the Division any reports of its investment activities that the Division may require, at the time and in the format required by the Division.

(Source: P.A. 96-1495, eff. 1-1-11.)

(40 ILCS 5/1-113.5)

Sec. 1-113.5. Investment advisers and investment services for all Article 3 or 4 pension funds.

(a) The board of trustees of a pension fund may appoint investment advisers as defined in Section 1-101.4. The board of any pension fund investing in common or preferred stock under Section 1-113.4 shall appoint an investment adviser before making such investments.

The investment adviser shall be a fiduciary, as defined in Section 1-101.2, with respect to the pension fund and shall be one of the following:

- (1) an investment adviser registered under the federal Investment Advisers Act of 1940 and the Illinois Securities Law of 1953;
- (2) a bank or trust company authorized to conduct a trust business in Illinois;
- (3) a life insurance company authorized to transact business in Illinois; or
- (4) an investment company as defined and registered under the federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953.

(a-5) Notwithstanding any other provision of law, a person or entity that provides consulting services (referred to as a "consultant" in this Section) to a pension fund with respect to the selection of fiduciaries may not be awarded a contract to provide those consulting services that is more than 5 years in duration. No contract to provide such consulting services may be renewed or extended. At the end of the term of a contract, however, the contractor is eligible to compete for a new contract. No person shall attempt to avoid or contravene the restrictions of this subsection by any means. All offers from responsive offerors shall be accompanied by disclosure of the names and addresses of the following:

- (1) The offeror.
- (2) Any entity that is a parent of, or owns a controlling interest in, the offeror.
- (3) Any entity that is a subsidiary of, or in which a controlling interest is owned by, the offeror.

Beginning on July 1, 2008, a person, other than a trustee or an employee of a pension fund or retirement system, may not act as a consultant under this Section unless that person is at least one of the following: (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.); (ii) registered as an investment adviser under the Illinois Securities Law of 1953; (iii) a bank, as defined in the Investment Advisers Act of 1940; or (iv) an insurance company authorized to transact business in this State.

(b) All investment advice and services provided by an investment adviser or a consultant appointed under this Section shall be rendered pursuant to a written contract between the investment adviser and the board, and in

accordance with the board's investment policy.

The contract shall include all of the following:

(1) acknowledgement in writing by the investment adviser that he or she is a fiduciary with respect to the pension fund;

(2) the board's investment policy;

(3) full disclosure of direct and indirect fees, commissions, penalties, and any other compensation that may be received by the investment adviser, including reimbursement for expenses; and

(4) a requirement that the investment adviser submit periodic written reports, on at least a quarterly basis, for the board's review at its regularly scheduled meetings. All returns on investment shall be reported as net returns after payment of all fees, commissions, and any other compensation.

(b-5) Each contract described in subsection (b) shall also include (i) full disclosure of direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the investment adviser or consultant in connection with the provision of services to the pension fund and (ii) a requirement that the investment adviser or consultant update the disclosure promptly after a modification of those payments or an additional payment.

Within 30 days after the effective date of this amendatory Act of the 95th General Assembly, each investment adviser and consultant providing services on the effective date or subject to an existing contract for the provision of services must disclose to the board of trustees all direct and indirect fees, commissions, penalties, and other compensation paid by or on behalf of the investment adviser or consultant in connection with the provision of those services and shall update that disclosure promptly after a modification of those payments or an additional payment.

A person required to make a disclosure under subsection (d) is also required to disclose direct and indirect fees, commissions, penalties, or other compensation that shall or may be paid by or on behalf of the person in connection with the rendering of those services. The person shall update the disclosure promptly after a modification of those payments or an additional payment.

The disclosures required by this subsection shall be in writing and shall include the date and amount of each payment and the name and address of each recipient of a payment.

(c) Within 30 days after appointing an investment adviser or consultant, the board shall submit a copy of the contract to the Division of Insurance of the Department of Financial and Professional Regulation.

(d) Investment services provided by a person other than an investment adviser appointed under this Section, including but not limited to services provided by the kinds of persons listed in items (1) through (4) of subsection (a), shall be rendered only after full written disclosure of direct and indirect fees, commissions, penalties, and any other compensation that shall or may be received by the person rendering those services.

(e) The board of trustees of each pension fund shall retain records of investment transactions in accordance with the rules of the Department of Financial and Professional

Regulation.

(Source: P.A. 95-950, eff. 8-29-08; 96-6, eff. 4-3-09.)

(40 ILCS 5/1-113.6)

Sec. 1-113.6. Investment policies. Every board of trustees of a pension fund shall adopt a written investment policy and file a copy of that policy with the Department of Insurance within 30 days after its adoption. Whenever a board changes its investment policy, it shall file a copy of the new policy with the Department within 30 days.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.7)

Sec. 1-113.7. Registration of investments; custody and safekeeping. The board of trustees may register the investments of its pension fund in the name of the pension fund, in the nominee name of a bank or trust company authorized to conduct a trust business in Illinois, or in the nominee name of the Illinois Public Treasurer's Investment Pool.

The assets of the pension fund and ownership of its investments shall be protected through third-party custodial safekeeping. The board of trustees may appoint as custodian of the investments of its pension fund the treasurer of the municipality, a bank or trust company authorized to conduct a trust business in Illinois, or the Illinois Public Treasurer's Investment Pool.

A dealer may not maintain possession of or control over securities of a pension fund subject to the provisions of this Section unless it is registered as a broker-dealer with the U.S. Securities and Exchange Commission and is a member in good standing of the National Association of Securities Dealers, and (1) with respect to securities that are not issued only in book-entry form, (A) all such securities of each fund are either held in safekeeping in a place reasonably free from risk of destruction or held in custody by a securities depository that is a "clearing agency" registered with the U.S. Securities and Exchange Commission, (B) the dealer is a member of the Securities Investor Protection Corporation, (C) the dealer sends to each fund, no less frequently than each calendar quarter, an itemized statement showing the moneys and securities in the custody or possession of the dealer at the end of such period, and (D) an independent certified public accountant conducts an audit, no less frequently than each calendar year, that reviews the dealer's internal accounting controls and procedures for safeguarding securities; and (2) with respect to securities that are issued only in book-entry form, (A) all such securities of each fund are held either in a securities depository that is a "clearing agency" registered with the U.S. Securities and Exchange Commission or in a bank that is a member of the Federal Reserve System, (B) the dealer records the ownership interest of the funds in such securities on the dealer's books and records, (C) the dealer is a member of the Securities Investor Protection Corporation, (D) the dealer sends to each fund, no less frequently than each calendar quarter, an itemized statement showing the moneys and securities in the custody or possession of the dealer at the end of such period, and (E) the dealer's financial statement (which shall contain among other things a statement of the

dealer's net capital and its required net capital computed in accordance with Rule 15c3-1 under the Securities Exchange Act of 1934) is audited annually by an independent certified public accountant, and the dealer's most recent audited financial statement is furnished to the fund. No broker-dealer serving as a custodian for any public pension fund as provided by this Act shall be authorized to serve as an investment advisor for that same public pension fund as described in Section 1-101.4 of this Code, to the extent that the investment advisor acquires or disposes of any asset of that same public pension fund. Notwithstanding the foregoing, in no event may a broker or dealer that is a natural person maintain possession of or control over securities or other assets of a pension fund subject to the provisions of this Section. In maintaining securities of a pension fund subject to the provisions of this Section, each dealer must maintain those securities in conformity with the provisions of Rule 15c3-3(b) of the Securities Exchange Act of 1934 (Physical Possession or Control of Securities). The Director of the Department of Insurance may adopt such rules and regulations as shall be necessary and appropriate in his or her judgment to effectuate the purposes of this Section.

A bank or trust company authorized to conduct a trust business in Illinois shall register, deposit, or hold investments for safekeeping, all in accordance with the obligations and subject to the limitations of the Securities in Fiduciary Accounts Act.

(Source: P.A. 92-651, eff. 7-11-02.)

(40 ILCS 5/1-113.8)

Sec. 1-113.8. Limitations on banks and savings and loan associations. A bank or savings and loan association shall not receive investment funds from a pension fund established under Article 3 or 4 of this Code, unless it has complied with the requirements established under Section 6 of the Public Funds Investment Act. The limitations set forth in that Section 6 are applicable only at the time of investment and do not require the liquidation of any investment at any time.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.9)

Sec. 1-113.9. Illegal investments. A person registered as a dealer, salesperson, or investment adviser under the Illinois Securities Law of 1953 who sells a pension fund a security, or engages in a transaction with a pension fund, that is not authorized by this Code, shall be subject to the penalty provisions of Subsection E of Section 8 of the Illinois Securities Law of 1953, if (1) the dealer, salesperson, or investment adviser has discretionary authority or control over the fund's assets and has acknowledged in writing that it is acting in a fiduciary capacity for the fund, (2) the fund has requested the investment advice of the dealer, salesperson, or investment adviser and has provided the dealer, salesperson, or investment adviser with its investment policy, and the dealer, salesperson, or investment adviser acknowledges in writing that the fund is relying primarily on the investment advice of that dealer, salesperson, or investment adviser, or (3) the dealer, salesperson, or investment adviser knows or has reason to know that the fund is not capable of independently evaluating

investment risk or exercising independent judgment with respect to a particular securities transaction, and nonetheless recommends that the fund engage in that transaction.

A bank or trust company authorized to conduct a trust business in Illinois or a broker-dealer, and any officer, director, or employee thereof, that advises or causes a pension fund to make an investment or engages in a transaction not authorized by this Code is subject to the penalty provisions of Article V of the Corporate Fiduciary Act. (Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.10)

Sec. 1-113.10. Legality at time of investment. The investment limitations set forth in this Article are applicable only at the time of investment and do not require the liquidation of any investment at any time. However, no additional pension funds may be invested in any investment item while the market value of the pension fund's investments in that item meets or exceeds the applicable limitation. (Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.11)

Sec. 1-113.11. Rules. The Department of Insurance is authorized to promulgate rules that are necessary or useful for the administration and enforcement of Sections 1-113.1 through 1-113.10 of this Article. (Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.12)

Sec. 1-113.12. Application. Sections 1-113.1 through 1-113.10 apply only to pension funds established under Article 3 or 4 of this Code. (Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.14)

Sec. 1-113.14. Investment services for retirement systems, pension funds, and investment boards, except those funds established under Articles 3 and 4.

(a) For the purposes of this Section, "investment services" means services provided by an investment adviser or a consultant other than qualified fund-of-fund management services as defined in Section 1-113.15.

(b) The selection and appointment of an investment adviser or consultant for investment services by the board of a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2, shall be made and awarded in accordance with this Section. All contracts for investment services shall be awarded by the board using a competitive process that is substantially similar to the process required for the procurement of professional and artistic services under Article 35 of the Illinois Procurement Code. Each board of trustees shall adopt a policy in accordance with this subsection (b) within 60 days after the effective date of this amendatory Act of the 96th General Assembly. The policy shall be posted on its web site and filed with the Illinois Procurement Policy Board. Exceptions to this Section are allowed for (i) sole source procurements, (ii) emergency procurements, (iii) at the discretion of the pension fund,

retirement system, or board of investment, contracts that are nonrenewable and one year or less in duration, so long as the contract has a value of less than \$20,000, and (iv) in the discretion of the pension fund, retirement system, or investment board, contracts for follow-on funds with the same fund sponsor through closed-end funds. All exceptions granted under this Section must be published on the system's, fund's, or board's web site, shall name the person authorizing the procurement, and shall include a brief explanation of the reason for the exception.

A person, other than a trustee or an employee of a retirement system, pension fund, or investment board, may not act as a consultant or investment adviser under this Section unless that person is registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.) or a bank, as defined in the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.).

(c) Investment services provided by an investment adviser or a consultant appointed under this Section shall be rendered pursuant to a written contract between the investment adviser or consultant and the board.

The contract shall include all of the following:

(1) Acknowledgement in writing by the investment adviser or consultant that he or she is a fiduciary with respect to the pension fund or retirement system.

(2) The description of the board's investment policy and notice that the policy is subject to change.

(3) (i) Full disclosure of direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the consultant in connection with the provision of services to the pension fund or retirement system and (ii) a requirement that the consultant update the disclosure promptly after a modification of those payments or an additional payment.

(4) A requirement that the investment adviser or consultant, in conjunction with the board's staff, submit periodic written reports, on at least a quarterly basis, for the board's review at its regularly scheduled meetings. All returns on investment shall be reported as net returns after payment of all fees, commissions, and any other compensation.

(5) Disclosure of the names and addresses of (i) the consultant or investment adviser; (ii) any entity that is a parent of, or owns a controlling interest in, the consultant or investment adviser; (iii) any entity that is a subsidiary of, or in which a controlling interest is owned by, the consultant or investment adviser; (iv) any persons who have an ownership or distributive income share in the consultant or investment adviser that is in excess of 7.5%; or (v) serves as an executive officer of the consultant or investment adviser.

(6) A disclosure of the names and addresses of all subcontractors, if applicable, and the expected amount of money each will receive under the contract, including an acknowledgment that the contractor must promptly make notification, in writing, if at any time during the term of the contract a contractor adds or changes any subcontractors. For purposes of this subparagraph (6), "subcontractor" does not include non-investment related

professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, services used to track compliance with legal standards, and investment fund of funds where the board has no direct contractual relationship with the investment advisers or partnerships.

(7) A description of service to be performed.

(8) A description of the need for the service.

(9) A description of the plan for post-performance review.

(10) A description of the qualifications necessary.

(11) The duration of the contract.

(12) The method for charging and measuring cost.

(d) Notwithstanding any other provision of law, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall not enter into a contract with a consultant that exceeds 5 years in duration. No contract to provide consulting services may be renewed or extended. At the end of the term of a contract, however, the consultant is eligible to compete for a new contract as provided in this Section. No retirement system, pension fund, or investment board shall attempt to avoid or contravene the restrictions of this subsection (d) by any means.

(e) Within 60 days after the effective date of this amendatory Act of the 96th General Assembly, each investment adviser or consultant currently providing services or subject to an existing contract for the provision of services must disclose to the board of trustees all direct and indirect fees, commissions, penalties, and other compensation paid by or on behalf of the investment adviser or consultant in connection with the provision of those services and shall update that disclosure promptly after a modification of those payments or an additional payment. The person shall update the disclosure promptly after a modification of those payments or an additional payment. The disclosures required by this subsection (e) shall be in writing and shall include the date and amount of each payment and the name and address of each recipient of a payment.

(f) The retirement system, pension fund, or board of investment shall develop uniform documents that shall be used for the solicitation, review, and acceptance of all investment services. The form shall include the terms contained in subsection (c) of this Section. All such uniform documents shall be posted on the retirement system's, pension fund's, or investment board's web site.

(g) A description of every contract for investment services shall be posted in a conspicuous manner on the web site of the retirement system, pension fund, or investment board. The description must include the name of the person or entity awarded a contract, the total amount applicable to the contract, the total fees paid or to be paid, and a disclosure approved by the board describing the factors that contributed to the selection of an investment adviser or consultant.

(Source: P.A. 98-433, eff. 8-16-13.)

(40 ILCS 5/1-113.15)

Sec. 1-113.15. Qualified fund-of-fund management services.

(a) As used in this Section:

"Qualified fund-of-fund management services" means either (i) the services of an investment adviser acting in its capacity as an investment manager of a fund-of-funds or (ii) an investment adviser acting in its capacity as an investment manager of a separate account that is invested on a side-by-side basis in a substantially identical manner to a fund-of-funds, in each case pursuant to qualified written agreements.

"Qualified written agreements" means one or more written contracts to which the investment adviser and the board are parties and includes all of the following: (i) the matters described in items (1), (4), (5), (7), (11), and (12) of subsection (c) of Section 1-113.14; (ii) a description of any fees, commissions, penalties, and other compensation payable, if any, directly by the retirement system, pension fund, or investment board (which shall not include any fees, commissions, penalties, and other compensation payable from the assets of the fund-of-funds or separate account); (iii) a description (or method of calculation) of the fees and expenses payable by the Fund to the investment adviser and the timing of the payment of the fees or expenses; and (iv) a description (or method of calculation) of any carried interest or other performance based interests, fees, or payments allocable by the Fund to the investment adviser or an affiliate of the investment adviser and the priority of distributions with respect to such interest.

(b) A description of every contract for qualified fund-of-fund management services must be posted in a conspicuous manner on the web site of the retirement system, pension fund, or investment board. The description must include the name of the fund-of-funds, the name of its investment adviser, the total investment commitment of the retirement system, pension fund, or investment board to invest in such fund-of-funds, and a disclosure approved by the board describing the factors that contributed to the investment in such fund-of-funds. No information that is exempt from inspection pursuant to Section 7 of the Freedom of Information Act shall be disclosed under this Section.

(Source: P.A. 96-1554, eff. 3-18-11.)

(40 ILCS 5/1-113.16)

Sec. 1-113.16. Investment transparency.

(a) The purpose of this Section is to provide for transparency in the investment of retirement or pension funds and require the reporting of full and complete information regarding the investments by pension funds, retirement systems, and investment boards.

(b) A retirement system, pension fund, or investment board subject to this Code and any committees established by such system, fund, or board must comply with the Open Meetings Act.

(c) Any retirement system, pension fund, or investment board subject to this Code that establishes a committee shall ensure that the majority of the members on such committee are board members. If any member of a committee is not a member of the board for the system, fund, or board, then that committee member shall be a fiduciary.

(d) A retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2, shall maintain an official web site and make available in a clear and conspicuous manner, and update at least quarterly, all of the following information

concerning the investment of funds:

(1) The total amount of funds held by the pension fund, retirement system, or investment board.

(2) The asset allocation for the investments made by the pension fund, retirement system, or investment board.

(3) Current and historic return information.

(4) A detailed listing of the investment advisers for all asset classes.

(5) Performance of investments compared against established benchmarks.

(6) A detailed list of all consultants doing business with the retirement system, pension fund, or investment board.

(7) A detailed list of all contractors, other than investment advisers and consultants, doing business with the retirement system, pension fund, or investment board.

(8) Any requests for investment services.

(9) The names and email addresses of all board members, directors, and senior staff.

(10) The report required under Section 1-109.1 of this Code, if applicable.

(11) The description of each contract required under subsection (g) of Section 1-113.14 of this Code, if applicable.

(e) A pension fund whose investments are restricted by Section 1-113.2 of this Code shall make the information required in subsection (d) of this Section available on its web site or in a location that allows the information to be available for inspection by the public.

(f) Nothing in this Section requires the pension fund, retirement system, or investment board to make information available on the Internet that is exempt from inspection and copying under the Freedom of Information Act.

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-113.18)

Sec. 1-113.18. Ethics training. All board members of a retirement system, pension fund, or investment board created under this Code must attend ethics training of at least 8 hours per year. The training required under this Section shall include training on ethics, fiduciary duty, and investment issues and any other curriculum that the board of the retirement system, pension fund, or investment board establishes as being important for the administration of the retirement system, pension fund, or investment board. The Supreme Court of Illinois shall be responsible for ethics training and curriculum for judges designated by the Court to serve as members of a retirement system, pension fund, or investment board. Each board shall annually certify its members' compliance with this Section and submit an annual certification to the Division of Insurance of the Department of Financial and Professional Regulation. Judges shall annually certify compliance with the ethics training requirement and shall submit an annual certification to the Chief Justice of the Supreme Court of Illinois.

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-113.20)

Sec. 1-113.20. Investment strategies; explicit and

implicit costs. Every pension fund, retirement system, and investment board created under this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall instruct the fund's, system's, or board's investment advisors to utilize investment strategies designed to ensure that all securities transactions are executed in such a manner that the total explicit and implicit costs and total proceeds in every transaction are the most favorable under the circumstances.

(Source: P.A. 96-753, eff. 8-25-09.)

(40 ILCS 5/1-113.21)

Sec. 1-113.21. Contracts for services.

(a) Beginning January 1, 2015, no contract, oral or written, for investment services, consulting services, or commitment to a private market fund shall be awarded by a retirement system, pension fund, or investment board established under this Code unless the investment advisor, consultant, or private market fund first discloses:

(1) the number of its investment and senior staff and the percentage of its investment and senior staff who are (i) a minority person, (ii) a female, and (iii) a person with a disability; and

(2) the number of contracts, oral or written, for investment services, consulting services, and professional and artistic services that the investment advisor, consultant, or private market fund has with (i) a minority owned business, (ii) a female owned business, or (iii) a business owned by a person with a disability; and

(3) the number of contracts, oral or written, for investment services, consulting services, and professional and artistic services the investment advisor, consultant, or private market fund has with a business other than (i) a minority owned business, (ii) a female owned business or (iii) a business owned by a person with a disability, if more than 50% of services performed pursuant to the contract are performed by (i) a minority person, (ii) a female, and (iii) a person with a disability.

(b) The disclosures required by this Section shall be considered, within the bounds of financial and fiduciary prudence, prior to the awarding of a contract, oral or written, for investment services, consulting services, or commitment to a private market fund.

(c) For the purposes of this Section, the terms "minority person", "female", "person with a disability", "minority owned business", "female owned business", and "business owned by a person with a disability" have the same meaning as those terms have in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

(d) For purposes of this Section, the term "private market fund" means any private equity fund, private equity fund of funds, venture capital fund, hedge fund, hedge fund of funds, real estate fund, or other investment vehicle that is not publicly traded.

(Source: P.A. 98-1022, eff. 1-1-15.)

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

Sec. 1-114. Liability for Breach of Fiduciary Duty.

(a) Any person who is a fiduciary with respect to a

retirement system or pension fund established under this Code who breaches any duty imposed upon fiduciaries by this Code, including, but not limited to, a failure to report a reasonable suspicion of a false statement specified in Section 1-135 of this Code, shall be personally liable to make good to such retirement system or pension fund any losses to it resulting from each such breach, and to restore to such retirement system or pension fund any profits of such fiduciary which have been made through use of assets of the retirement system or pension fund by the fiduciary, and shall be subject to such equitable or remedial relief as the court may deem appropriate, including the removal of such fiduciary.

(b) No person shall be liable with respect to a breach of fiduciary duty under this Code if such breach occurred before such person became a fiduciary or after such person ceased to be a fiduciary.

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

(40 ILCS 5/1-115) (from Ch. 108 1/2, par. 1-115)

(Text of Section before amendment by P.A. 98-1137)

Sec. 1-115. Civil enforcement. A civil action may be brought by the Attorney General or by a participant, beneficiary or fiduciary in order to:

(a) Obtain appropriate relief under Section 1-114 of this Code;

(b) Enjoin any act or practice which violates any provision of this Code; or

(c) Obtain other appropriate equitable relief to redress any such violation or to enforce any such provision.

(Source: P.A. 82-960.)

(Text of Section after amendment by P.A. 98-1137)

Sec. 1-115. Civil enforcement. A civil action may be brought by the Attorney General or by a participant, beneficiary or fiduciary in order to:

(a) Obtain appropriate relief under Section 1-114 of this Code;

(b) Enjoin any act or practice which violates any provision of this Code; or

(c) Obtain other appropriate equitable relief to redress any such violation or to enforce any such provision.

Notwithstanding any other provision of the Administrative Review Law or this Code to the contrary, a civil action may be brought by the Attorney General to enjoin the payment of benefits under this Code to any person who is convicted of any felony relating to or arising out of or in connection with that person's service as an employee under this Code.

(Source: P.A. 98-1137, eff. 6-1-15.)

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

Sec. 1-116. Federal contribution and benefit limitations.

(a) This Section applies to all pension funds and retirement systems established under this Code.

(a-5) All pension funds and retirement systems established under this Code shall comply with the applicable contribution and benefit limitations imposed by Section 415 of the U.S. Internal Revenue Code of 1986 for tax qualified plans under

Section 401(a) of that Code.

(b) If any benefit payable by a pension fund or retirement system subject to this Section exceeds the applicable benefit limits set by Section 415 of the U.S. Internal Revenue Code of 1986 for tax qualified plans under Section 401(a) of that Code, the excess shall be payable only from an excess benefit fund established under this Section in accordance with federal law.

(c) An excess benefit fund shall be established by any pension fund or retirement system subject to this Section that has any member eligible to receive a benefit that exceeds the applicable benefit limits set by Section 415 of the U.S. Internal Revenue Code of 1986 for tax qualified plans under Section 401(a) of that Code. Amounts shall be credited to the excess benefit fund, and payments for excess benefits made from the excess benefit fund, in a manner consistent with the applicable federal law.

(d) For purposes of matters relating to the benefit limits set by Section 415 of the U.S. Internal Revenue Code of 1986, the limitation year may be defined by each affected pension fund or retirement system for that fund or system.

(Source: P.A. 90-19, eff. 6-20-97; 91-887, eff. 7-6-00.)

(40 ILCS 5/1-116.1)

Sec. 1-116.1. Required distributions. Notwithstanding any other provision of this Code, all pension funds and retirement systems established under Articles 2 through 18 of this Code have the authority to make any involuntary distributions that are required by federal law under Section 401(a)(9) of the Internal Revenue Code of 1986, as now or hereafter amended. A distribution shall be deemed to be required if failure to make the distribution could affect the qualified plan status of the pension fund or retirement system or could result in the imposition of a substantial penalty on the taxpayer or on the pension fund or retirement system.

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

(40 ILCS 5/1-117)

Sec. 1-117. Annual earnings limitation.

(a) Notwithstanding any other provision of this Code, except as provided in subsection (b), beginning on the first day of the plan year beginning in 1996, the annual earnings of a person that may be taken into account in any year for any purpose under this Code shall not exceed the maximum dollar limitation specified in Section 401(a)(17) of the Internal Revenue Code of 1986, as that Section may be amended from time to time and as that compensation limit may be adjusted from time to time by the Commissioner of Internal Revenue.

(b) In the case of a person who first began participating in a pension fund or retirement system governed by this Code before the first day of the plan year beginning in 1996, the dollar limitation under Section 401(a)(17) of the Internal Revenue Code of 1986 does not apply to the extent that the earnings that may be taken into account by that fund or system under this Code would be reduced below the amount that was allowed to be taken into account under its governing Article of this Code or under Article 1 or Article 20 of this Code, as those Articles were in effect on July 1, 1993.

(c) This Section takes effect on December 31, 1995.

(Source: P.A. 89-136, eff. 12-31-95.)

(40 ILCS 5/1-118)

Sec. 1-118. Veterans' rights.

(a) All pension funds and retirement systems subject to this Code shall comply with the requirements imposed on them by the federal Uniformed Services Employment and Reemployment Rights Act (P.L. 103-353).

(b) All pension funds and retirement systems subject to this Code shall comply with the federal Heroes Earnings Assistance and Relief Tax Act of 2008 (P.L. 110-245).
(Source: P.A. 97-530, eff. 8-23-11.)

(40 ILCS 5/1-119)

Sec. 1-119. Qualified Illinois Domestic Relations Orders.

(a) For the purposes of this Section:

(1) "Alternate payee" means the spouse, former spouse, child, or other dependent of a member, as designated in a QILDRO.

(2) "Death benefit" means any nonperiodic benefit payable upon the death of a member to a survivor of the member or to the member's estate or designated beneficiary, including any refund of contributions following the member's death, whether or not the benefit is so called under the applicable Article of this Code.

(3) "Disability benefit" means any periodic or nonperiodic benefit payable to a disabled member based on occupational or nonoccupational disability or disease, including any periodic or nonperiodic increases in the benefit, whether or not the benefit is so called under the applicable Article of this Code.

(4) "Member" means any person who participates in or has service credits in a retirement system, including a person who is receiving or is eligible to receive a retirement or disability benefit, without regard to whether the person has withdrawn from service.

(5) "Member's refund" means a return of all or a portion of a member's contributions that is elected by the member (or provided by operation of law) and is payable before the member's death.

(5.5) "Permissive service" means service credit purchased by the member, unused vacation, and unused sick leave that the retirement system includes by statute in a member's benefit calculations.

(6) "Qualified Illinois Domestic Relations Order" or "QILDRO" means an Illinois court order that creates or recognizes the existence of an alternate payee's right to receive all or a portion of a member's accrued benefits in a retirement system, is issued pursuant to this Section and Section 503(b)(2) of the Illinois Marriage and Dissolution of Marriage Act, and meets the requirements of this Section. A QILDRO is not the same as a qualified domestic relations order or QDRO issued pursuant to Section 414(p) of the Internal Revenue Code of 1986. The requirements of paragraphs (2) and (3) of that Section do not apply to orders issued under this Section and shall not be deemed a guide to the interpretation of this Section; a QILDRO is intended to be a domestic relations order within the meaning of paragraph (11) of that Section.

(7) "Regular payee" means the person to whom a

benefit would be payable in the absence of an effective QILDRO.

(7.5) "Regular service" means service credit earned by the member, including a repayment of a refund for regular service that the retirement system includes by statute in a member's benefit calculations. "Regular service" does not include service credit purchased by the member, unused vacation, or unused sick leave.

(8) "Retirement benefit" means any periodic or nonperiodic benefit payable to a retired member based on age or service, or on the amounts accumulated to the credit of the member for retirement purposes, including any periodic or nonperiodic increases in the benefit, whether or not the benefit is so called under the applicable Article of this Code.

(9) "Retirement system" or "system" means any retirement system, pension fund, or other public employee retirement benefit plan that is maintained or established under any of Articles 2 through 18 of this Code.

(10) "Surviving spouse" means the spouse of a member at the time of the member's death.

(11) "Survivor's benefit" means any periodic benefit payable to a surviving spouse, child, parent, or other survivor of a deceased member, including any periodic or nonperiodic increases in the benefit or nonperiodic payment included with the benefit, whether or not the benefit is so called under the applicable Article of this Code.

(b) (1) An Illinois court of competent jurisdiction in a proceeding for declaration of invalidity of marriage, legal separation, or dissolution of marriage that provides for support or the distribution of property, or any proceeding to amend or enforce such support or property distribution, may order that all or any part of any (i) member's retirement benefit, (ii) member's refund payable to or on behalf of the member, or (iii) death benefit, or portion thereof, that would otherwise be payable to the member's death benefit beneficiaries or estate be instead paid by the retirement system to the alternate payee.

(2) An order issued under this Section provides only for the diversion to an alternate payee of certain benefits otherwise payable by the retirement system under the provisions of this Code. The existence of a QILDRO shall not cause the retirement system to pay any benefit, or any amount of benefit, to an alternate payee that would not have been payable by the system to a regular payee in the absence of the QILDRO.

(3) A QILDRO shall not affect the vesting, accrual, or amount of any benefit, nor the date or conditions upon which any benefit becomes payable, nor the right of the member or the member's survivors to make any election otherwise authorized under this Code, except as provided in subsections (i) and (j).

(4) A QILDRO shall not apply to or affect the payment of any survivor's benefit, disability benefit, life insurance benefit, or health insurance benefit.

(c) (1) A QILDRO must contain the name, mailing address, and social security number of the member and of the alternate payee and must identify the retirement system to which it is directed and the court issuing the order.

(2) A QILDRO must specify each benefit to which it applies, and it must specify the amount of the benefit to be paid to the alternate payee. In the case of a non-periodic benefit, this amount must be specified as a dollar amount or as a percentage as specifically provided in subsection (n). In the case of a periodic benefit, this amount must be specified as a dollar amount per month or as a percentage per month as specifically provided in subsection (n).

(3) With respect to each benefit to which it applies, a QILDRO must specify when the order will take effect. In the case of a lump sum benefit payable to an alternate payee of a participant in the self-managed plan authorized under Article 15 of this Code, the benefit shall be paid upon the proper request of the alternate payee. In the case of a periodic benefit that is being paid at the time the order is received, a QILDRO shall take effect immediately or on a specified later date; if it takes effect immediately, it shall become effective on the first benefit payment date occurring at least 30 days after the order is received by the retirement system. In the case of any other benefit, a QILDRO shall take effect when the benefit becomes payable, unless some later date is specified pursuant to subsection (n). However, in no event shall a QILDRO apply to any benefit paid by the retirement system before or within 30 days after the order is received. A retirement system may adopt rules to prorate the amount of the first and final periodic payments to an alternate payee.

(4) A QILDRO must also contain any provisions required under subsection (n) or (p).

(5) If a QILDRO indicates that the alternate payee is to receive a percentage of any retirement system benefit, the calculations required shall be performed by the member, the alternate payee, their designated representatives or their designated experts. The results of said calculations shall be provided to the retirement system via a QILDRO Calculation Court Order issued by an Illinois court of competent jurisdiction in a proceeding for declaration of invalidity of marriage, legal separation, or dissolution of marriage. The QILDRO Calculation Court Order shall follow the form provided in subsection (n-5). The retirement system shall have no duty or obligation to assist in such calculations or in completion of the QILDRO Calculation Court Order, other than to provide the information required to be provided pursuant to subsection (h).

(6) Within 45 days after the receipt of a QILDRO Calculation Court Order, the retirement system shall notify the member and the alternate payee (or one designated representative of each) of the receipt of the Order. If a valid QILDRO underlying the QILDRO Calculation Court Order has not been filed with the retirement system, or if the QILDRO Calculation Court Order does not clearly indicate the amount the retirement system is to pay to the alternate payee, then the retirement system shall at the same time notify the member and the alternate payee (or one designated representative of each) of the situation. Unless a valid QILDRO has not been filed with the retirement system, or the QILDRO Calculation Court Order does not clearly indicate the amount the retirement system is to pay the alternate payee, the retirement system shall implement the QILDRO based on the QILDRO Calculation Court Order as soon as administratively possible once benefits are payable. The retirement system

shall have no obligation to make any determination as to whether the calculations in the QILDRO Calculation Court Order are accurate or whether the calculations are in accordance with the parties' QILDRO, agreement, or judgment. The retirement system shall not reject a QILDRO Calculation Court Order because the calculations are not accurate or not in accordance with the parties' QILDRO, agreement, or judgment. The retirement system shall have no responsibility for the consequences of its implementation of a QILDRO Calculation Court Order that is inaccurate or not in accordance with the parties' QILDRO, agreement, or judgment.

(d) (1) An order issued under this Section shall not be implemented unless a certified copy of the order has been filed with the retirement system. The system shall promptly notify the member and the alternate payee by first class mail of its receipt of the order.

(2) Neither the retirement system, nor its board, nor any of its employees shall be liable to the member, the regular payee, or any other person for any amount of a benefit that is paid in good faith to an alternate payee in accordance with a QILDRO.

(3) Each new or modified QILDRO or QILDRO Calculation Court Order that is submitted to the retirement system shall be accompanied by a nonrefundable \$50 processing fee payable to the retirement system, to be used by the system to defer any administrative costs arising out of the implementation of the order.

(e) (1) Each alternate payee is responsible for maintaining a current mailing address on file with the retirement system. The retirement system shall have no duty to attempt to locate any alternate payee by any means other than sending written notice to the last known address of the alternate payee on file with the system.

(2) In the event that the system cannot locate an alternate payee when a benefit becomes payable, the system shall hold the amount of the benefit payable to the alternate payee and make payment to the alternate payee if he or she is located within the following 180 days. If the alternate payee has not been located within 180 days from the date the benefit becomes payable, the system shall pay the benefit and the amounts held to the regular payee. If the alternate payee is subsequently located, the system shall thereupon implement the QILDRO, but the interest of the alternate payee in any amounts already paid to the regular payee shall be extinguished. Amounts held under this subsection shall not bear interest.

(f) (1) If the amount of a benefit that is specified in a QILDRO or QILDRO Calculation Court Order for payment to an alternate payee exceeds the actual amount of that benefit payable by the retirement system, the excess shall be disregarded. The retirement system shall have no liability to any alternate payee or any other person for the disregarded amounts.

(2) In the event of multiple QILDROs against a member, the retirement system shall honor all of the QILDROs to the extent possible. However, if the total amount of a benefit to be paid to alternate payees under all QILDROs in effect against the member exceeds the actual amount of that benefit payable by the system, the QILDROs shall be satisfied in the order of their receipt by the system until the amount of the benefit is exhausted, and shall not be adjusted pro rata. Any amounts

that cannot be paid due to exhaustion of the benefit shall remain unpaid, and the retirement system shall have no liability to any alternate payee or any other person for such amounts.

(3) A modification of a QILDRO shall be filed with the retirement system in the same manner as a new QILDRO. A modification that does not increase the amount of any benefit payable to the alternate payee, as that amount was designated in the QILDRO, and does not expand the QILDRO to affect any benefit not affected by the unmodified QILDRO, does not affect the priority of payment under subdivision (f)(2); the priority of payment of a QILDRO that has been modified to increase the amount of any benefit payable to the alternate payee, or to expand the QILDRO to affect a benefit not affected by the unmodified QILDRO, shall be based on the date on which the system receives the modification of the QILDRO.

(4) A modification of a QILDRO Calculation Court Order shall be filed with the retirement system in the same manner as a new QILDRO Calculation Court Order.

(g) (1) Upon the death of the alternate payee under a QILDRO, the QILDRO shall expire and cease to be effective, and in the absence of another QILDRO, the right to receive any affected benefit shall revert to the regular payee.

(2) All QILDROs relating to a member's participation in a particular retirement system shall expire and cease to be effective upon the issuance of a member's refund that terminates the member's participation in that retirement system, without regard to whether the refund was paid to the member or to an alternate payee under a QILDRO. An expired QILDRO shall not be automatically revived by any subsequent return by the member to service under that retirement system.

(h) (1) Within 45 days after receiving a subpoena from any party to a proceeding for declaration of invalidity of marriage, legal separation, or dissolution of marriage in which a QILDRO may be issued, or after receiving a request from the member, a retirement system shall provide in response a statement of a member's accumulated contributions, accrued benefits, and other interests in the plan administered by the retirement system based on the data on file with the system on the date the subpoena is received. If so requested in the subpoena, the retirement system shall also provide in response general retirement plan information available to a member and any relevant procedures, rules, or modifications to the model QILDRO form that have been adopted by the retirement system.

(1.5) If a QILDRO provides for the alternate payee to receive a percentage of a retirement benefit (as opposed to providing for the alternate payee to receive specified dollar amounts of a retirement benefit), then the retirement system shall provide the applicable information to the member and to the alternate payee, or to one designated representative of each (e.g., the member's attorney and the alternate payee's attorney) as indicated below:

(A) If the member is a participant in the

self-managed plan authorized under Article 15 of this Code and the QILDRO provides that the only benefit the alternate payee is to receive is a percentage of a lump sum benefit as of a specific date that has already past, then, within 45 days after the retirement system receives the QILDRO, the retirement system shall provide the lump sum amount to which the QILDRO percentage is to be

applied.

(B) For all situations except that situation described in item (A), if the retirement system receives the QILDRO before the member's effective date of retirement, then, within 45 days after the retirement system receives the QILDRO, the retirement system shall provide all of the following information:

(i) The date of the member's initial membership in the retirement system, expressed as month, day, and year, if available, or the most exact date that is available to the retirement system.

(ii) The amount of permissive and regular service the member accumulated in the retirement system from the time of initial membership through the most recent date available prior to the retirement system receiving the QILDRO (the dates used by the retirement system shall also be provided). Service amounts shall be expressed using the most exact time increments available to the retirement system (e.g., months or fractions of years).

(iii) The gross amount of the member's non-reduced monthly annuity benefit earned, calculated as of the most recent date available prior to the retirement system receiving the QILDRO, the date used by the retirement system, and the earliest date the member may be eligible to commence the benefit. This amount shall include any permissive service and upgrades purchased by the member, and those amounts shall be noted separately.

(iv) The gross amount of the member's refund or partial refund, including any interest payable on those amounts, calculated as of the most recent date available prior to the retirement system receiving the QILDRO (the date used by the retirement system shall also be provided).

(v) The gross amount of the death benefits that would be payable to the member's death benefit beneficiaries or estate, assuming the member died on the date or a date as close as possible to the date the QILDRO was received by the retirement system, including any interest payable on the amounts, calculated as of the most recent date available prior to the retirement system receiving the QILDRO (the date used by the retirement system shall also be provided).

(vi) Whether the member has notified the retirement system of the date the member intends to retire, and if so, that date.

(vii) If the member has provided a date that he or she intends to retire, the date, if available, that the retirement system reasonably believes will be the member's effective date of retirement.

(C) For all situations except that situation described in item (A), if the retirement system receives the QILDRO after the effective date of retirement, then, within 45 days after the retirement system receives the QILDRO, or, if the retirement system receives the QILDRO before the member's effective date of retirement, then as soon as administratively possible before or after the member's effective date of retirement (but not later than

45 days after the member's effective date of retirement), the retirement system shall provide all of the following information:

(i) The member's effective date of retirement.

(ii) The date the member commenced benefits or, if not yet commenced, the date the retirement system has scheduled the member's benefits to commence.

(iii) The amount of permissive and regular service the member accumulated in the retirement system from the time of initial membership through the member's effective date of retirement. Service amounts shall be expressed using the most exact time increments available to the retirement system (e.g., months or fractions of years).

(iv) The gross amount of the member's monthly retirement benefit, calculated as of the member's effective date of retirement. This amount shall include any permissive service and upgrades purchased by the member, and those amounts shall be noted separately.

(v) The gross amount of the member's refund or partial refund, including any interest payable on those amounts, calculated as of the member's effective date of retirement.

(vi) The gross amount of death benefits that would be payable to the member's death benefit beneficiaries or estate, assuming the member died on the member's effective date of retirement, including any interest payable on those amounts.

(D) If, and only if, the alternate payee is entitled to benefits under Section VII of the QILDRO, then, within 45 days after the retirement system receives notice of the member's death, the retirement system shall provide the gross amount of death benefits payable, including any interest payable on those amounts, calculated as of the member's date of death.

(2) In no event shall the retirement system be required to furnish to any person an actuarial opinion as to the present value of the member's benefits or other interests.

(3) The papers, entries, and records, or parts thereof, of any retirement system may be proved by a copy thereof, certified under the signature of the secretary of the system or other duly appointed keeper of the records of the system and the corporate seal, if any.

(i) In a retirement system in which a member or beneficiary is required to apply to the system for payment of a benefit, the required application may be made by an alternate payee who is entitled to all of a termination refund or retirement benefit or part of a death benefit that is payable under a QILDRO, provided that all other qualifications and requirements have been met. However, the alternate payee may not make the required application for death benefits while the member is alive or for a member's refund or a retirement benefit if the member is in active service or below the minimum age for receiving an undiscounted retirement annuity in the retirement system that has received the QILDRO or in any other retirement system in which the member has regular or permissive service and in which the member's rights under the Retirement Systems Reciprocal Act would be affected as a result of the alternate payee's application for a member's

refund or retirement benefit.

(j) (1) So long as there is in effect a QILDRO relating to a member's retirement benefit, the affected member may not elect a form of payment that has the effect of diminishing the amount of the payment to which any alternate payee is entitled, unless the alternate payee has consented to the election in a writing that includes the alternate payee's notarized signature, and this written and notarized consent has been filed with the retirement system.

(2) If a member attempts to make an election prohibited under subdivision (j)(1), the retirement system shall reject the election and advise the member of the need to obtain the alternate payee's consent.

(3) If a retirement system discovers that it has mistakenly allowed an election prohibited under subdivision (j)(1), it shall thereupon disallow that election and recalculate any benefits affected thereby. If the system determines that an amount paid to a regular payee should have been paid to an alternate payee, the system shall, if possible, recoup the amounts as provided in subsection (k) of this Section.

(k) In the event that a regular payee or an alternate payee is overpaid, the retirement system shall have the authority to and shall recoup the amounts by deducting the overpayment from future payments and making payment to the other payee. The system may make deductions for recoupment over a period of time in the same manner as is provided by law or rule for the recoupment of other amounts incorrectly disbursed by the system in instances not involving a QILDRO. The retirement system shall incur no liability to either the alternate payee or the regular payee as a result of any payment made in good faith, regardless of whether the system is able to accomplish recoupment.

(l) (1) A retirement system that has, before the effective date of this Section, received and implemented a domestic relations order that directs payment of a benefit to a person other than the regular payee may continue to implement that order, and shall not be liable to the regular payee for any amounts paid in good faith to that other person in accordance with the order.

(2) A domestic relations order directing payment of a benefit to a person other than the regular payee that was issued by a court but not implemented by a retirement system prior to the effective date of this Section shall be void. However, a person who is the beneficiary or alternate payee of a domestic relations order that is rendered void under this subsection may petition the court that issued the order for an amended order that complies with this Section.

(3) A retirement system that received a valid QILDRO before the effective date of this amendatory Act of the 94th General Assembly shall continue to implement the QILDRO and shall not be liable to any party for amounts paid in good faith pursuant to the QILDRO.

(m) (1) In accordance with Article XIII, Section 5 of the Illinois Constitution, which prohibits the impairment or diminishment of benefits granted under this Code, a QILDRO issued against a member of a retirement system established under an Article of this Code that exempts the payment of benefits or refunds from attachment, garnishment, judgment or other legal process shall not be effective without the written

consent of the member if the member began participating in the retirement system on or before the effective date of this Section. That consent must specify the retirement system, the court case number, and the names and social security numbers of the member and the alternate payee. The consent must accompany the QILDRO when it is filed with the retirement system, and must be in substantially the following form:

CONSENT TO ISSUANCE OF QILDRO

Case Caption:
Court Case Number:
Member's Name:
Member's Social Security Number:
Alternate payee's Name:
Alternate payee's Social Security Number:

I, (name), a member of the (retirement system), hereby irrevocably consent to the issuance of a Qualified Illinois Domestic Relations Order. I understand that under the Order, certain benefits that would otherwise be payable to me, or to my death benefit beneficiaries or estate, will instead be payable to (name of alternate payee). I also understand that my right to elect certain forms of payment of my retirement benefit or member's refund may be limited as a result of the Order.

DATED:.....
SIGNED:.....

(2) A member's consent to the issuance of a QILDRO shall be irrevocable, and shall apply to any QILDRO that pertains to the alternate payee and retirement system named in the consent.

(n) A QILDRO issued under this Section shall be in substantially the following form (omitting any provisions that are not applicable to benefits that are or may be ultimately payable to the member):

QUALIFIED ILLINOIS DOMESTIC RELATIONS ORDER

.....
(Enter Case Caption Here)
.....
(Enter Retirement System Name Here)

THIS CAUSE coming before the Court for the purpose of the entry of a Qualified Illinois Domestic Relations Order under the provisions of Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119), the Court having jurisdiction over the parties and the subject matter hereof; the Court finding that one of the parties to this proceeding is a member of a retirement system subject to Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119), this Order is entered to implement a division of that party's interest in the retirement system; and the Court being fully advised;

IT IS HEREBY ORDERED AS FOLLOWS:

I. The definitions and other provisions of Section 1-119

of the Illinois Pension Code (40 ILCS 5/1-119) are adopted by reference and made a part of this Order.

II. Identification of Retirement System and parties:

Retirement System:
(Name)
.....
(Address)

Member:
(Name)
.....
(Mailing Address)
.....
(Social Security Number)

Alternate payee:
(Name)
.....
(Mailing Address)
.....
(Social Security Number)

The alternate payee is the member's current or former spouse/ child or other dependent [check one].

III. The Retirement System shall pay the indicated amounts of the member's retirement benefits to the alternate payee under the following terms and conditions:

(A) The Retirement System shall pay the alternate payee pursuant to one of the following methods [complete the ONE option that applies]:

- (1) \$..... per month [enter amount]; or
- (2)% [enter percentage] per month of the marital portion of said benefit with the marital portion defined using the formula in Section IX; or
- (3)% [enter percentage] per month of the gross amount of said benefit calculated as of the date the member's/ alternate payee's [check one] benefit commences [check alternate payee only if the alternate payee will commence benefits after the member commences benefits, e.g. if the member is receiving retirement benefits at the time this Order is entered].

(B) If the member's retirement benefit has already commenced, payments to the alternate payee shall commence either [check/complete the ONE option that applies]:

- (1) as soon as administratively possible upon this order being received and accepted by the Retirement System; or
- (2) on the date of [enter any benefit payment date that will occur at least 30 days after the date the retirement system receives a valid QILDRO, but ONLY if payment to the alternate payee is to be delayed to some future date; otherwise, check item (1) above].

(C) If the member's retirement benefit has not yet

commenced, payments to the alternate payee shall commence as of the date the member's retirement benefit commences.

(D) Payments to the alternate payee under this Section III shall terminate [check/complete the ONE option that applies]:

(1) upon the death of the member or the death of the alternate payee, whichever is the first to occur; or

(2) after payments are made to the alternate payee [enter any set number] or upon the death of the member or the death of the alternate payee, whichever is the first to occur.

IV. If the member's retirement benefits are subject to annual post-retirement increases, the alternate payee's share of said benefits shall/ shall not [check one] be recalculated or increased annually to include a proportionate share of the applicable annual increases.

V. The Retirement System shall pay to the alternate payee the indicated amounts of any refund upon termination or any lump sum retirement benefit that becomes payable to the member, under the following terms and conditions:

(A) The Retirement System shall pay the alternate payee pursuant to one of the following methods [complete the ONE option that applies]:

(1) \$..... [enter amount]; or

(2)% [enter percentage] of the marital portion of the refund or lump sum retirement benefit, with the marital portion defined using the formula in Section IX; or

(3)% [enter percentage] of the gross amount of the refund or lump sum retirement benefit, calculated when the member's refund or lump sum retirement benefit is paid.

(B) The amount payable to an alternate payee under Section V(A)(2) or V(A)(3) shall include any applicable interest that would otherwise be payable to the member under the rules of the Retirement System.

(C) The alternate payee's share of the refund or lump sum retirement benefit under this Section V shall be paid when the member's refund or lump sum retirement benefit is paid.

VI. The Retirement System shall pay to the alternate payee the indicated amounts of any partial refund that becomes payable to the member under the following terms and conditions:

(A) The Retirement System shall pay the alternate payee pursuant to one of the following methods [complete the ONE option that applies]:

(1) \$..... [enter amount]; or

(2)% [enter percentage] of the marital portion of said benefit, with the marital portion defined using the formula in Section IX; or

(3)% [enter percentage] of the gross amount of the benefit calculated when the member's refund is paid.

(B) The amount payable to an alternate payee under Section VI(A)(2) or VI(A)(3) shall include any applicable interest that would otherwise be payable to the member under the rules of the Retirement System.

(C) The alternate payee's share of the refund under

this Section VI shall be paid when the member's refund is paid.

VII. The Retirement System shall pay to the alternate payee the indicated amounts of any death benefits that become payable to the member's death benefit beneficiaries or estate under the following terms and conditions:

(A) To the extent and only to the extent required to effectuate this Section VII, the alternate payee shall be designated as and considered to be a beneficiary of the member at the time of the member's death and shall receive [complete ONE of the following options]:

(1) \$..... [enter amount]; or

(2)% [enter percentage] of the marital portion of death benefits, with the marital portion defined using the formula in Section IX; or

(3)% [enter percentage] of the gross amount of death benefits calculated when said benefits become payable.

(B) The amount payable to an alternate payee under Section VII(A)(2) or VII(A)(3) shall include any applicable interest payable to the death benefit beneficiaries under the rules of the Retirement System.

(C) The alternate payee's share of death benefits under this Section VII shall be paid as soon as administratively possible after the member's death.

VIII. If this Order indicates that the alternate payee is to receive a percentage of any retirement benefit or refund, upon receipt of the information required to be provided by the Retirement System under Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119), the calculations required shall be performed by the member, by the alternate payee, or by their designated representatives or designated experts. The results of the calculations shall be provided to the Retirement System via a QILDRO Calculation Court Order in accordance with Section 1-119 of the Illinois Pension Code.

IX. Marital Portion Benefit Calculation Formula (Option to calculate benefit in items III(A)(2), V(A)(2), VI(A)(2), and VII(A)(2) above). If in this Section "other" is circled in the definition of A, B, or C, then a supplemental order must be entered simultaneously with this QILDRO clarifying the intent of the parties or the Court as to that item. The supplemental order cannot require the Retirement System to take any action not permitted under Illinois law or the Retirement System's administrative rules. To the extent that the supplemental order does not conform to Illinois law or administrative rule, it shall not be binding upon the Retirement System.

(1) The amount of the alternate payee's benefit shall be the result of $(A/B) \times C \times D$ where:

"A" equals the number of months of regular/
 regular plus permissive/ other [check only
 one] service that the member accumulated in the
 Retirement System from the date of
 marriage [enter date
 MM/DD/YYYY] to the date of
 divorce [enter date MM/DD/YYYY].

This number of months of service shall be calculated as whole months after receipt of information required from the Retirement System pursuant to Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119).

"B" equals the number of months of regular/

.... regular plus permissive/ other [check only one] service that the member accumulated in the Retirement System from the time of initial membership in the Retirement System through the member's effective date of retirement. The number of months of service shall be calculated as whole months after receipt of information required from the Retirement System pursuant to Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119).

"C" equals the gross amount of:

(i) the member's monthly retirement benefit (Section III(A)) calculated as of the member's effective date of retirement, including/ not including/ other [check only one] permissive service, upgrades purchased, and other benefit formula enhancements;

(ii) the member's refund payable upon termination or lump sum retirement benefit that becomes payable, including any payable interest (Section V(A)) calculated as of the time said refund becomes payable to the member;

(iii) the member's partial refund, including any payable interest (Section VI(A)) calculated as of the time said partial refund becomes payable to the member; or

(iv) the death benefit payable to the member's death benefit beneficiaries or estate, including any payable interest (Section VII(A)) calculated as of the time said benefit becomes payable to the member's beneficiary;

whichever are applicable pursuant to Section III, V, VI, or VII of this Order. These gross amounts shall be provided by the Retirement System pursuant to Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119).

"D" equals the percentage noted in Section III(A)(2), V(A)(2), VI(A)(2), or VII(A)(2), whichever are applicable.

(2) The alternate payee's benefit under this Section IX shall be paid in accordance with all Sections of this Order that apply.

X. In accordance with subsection (j) of Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119), so long as this QILDRO is in effect, the member may not elect a form of payment of the retirement benefit that has the effect of diminishing the amount of the payment to which the alternate payee is entitled, unless the alternate payee has consented to the election in writing, the consent has been notarized, and the consent has been filed with the Retirement System.

XI. If the member began participating in the Retirement System before July 1, 1999, this Order shall not take effect unless accompanied by the written consent of the member as required under subsection (m) of Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119).

XII. The Court retains jurisdiction over this matter for all of the following purposes:

(1) To establish or maintain this Order as a Qualified Illinois Domestic Relations Order.

(2) To enter amended QILDROs and QILDRO Calculation

Court Orders to conform to the parties' Marital Settlement Agreement or Agreement for Legal Separation ("Agreement"),

to the parties' Judgment for Dissolution of Marriage or Judgment for Legal Separation ("Judgment"), to any modifications of the parties' Agreement or Judgment, or to any supplemental orders entered to clarify the parties' Agreement or Judgment.

(3) To enter supplemental orders to clarify the intent of the parties or the Court regarding the benefits allocated herein in accordance with the parties' Agreement or Judgment, with any modifications of the parties' Agreement or Judgment, or with any supplemental orders entered to clarify the parties' Agreement or Judgment. A supplemental order may not require the Retirement System to take any action not permitted under Illinois law or the Retirement System's administrative rules. To the extent that the supplemental order does not conform to Illinois law or administrative rule, it shall not be binding upon the Retirement System.

DATED:

SIGNED:
[Judge's Signature]

(n-5) A QILDRO Calculation Court Order issued under this Section shall be in substantially the following form:

QILDRO Calculation Court Order

.....
[Enter case caption here]
.....
[Enter Retirement System name here]

THIS CAUSE coming before the Court for the purpose of the entry of a QILDRO Calculation Court Order under the provisions of Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119), the Court having jurisdiction over the parties and the subject matter hereof; the Court finding that a QILDRO has previously been entered in this matter, that the QILDRO has been received and accepted by the Retirement System, and that the QILDRO requires percentage calculations to allocate the alternate payee's share of the member's benefit or refund, the Court not having found that the QILDRO has become void or invalid, and the Court being fully advised;

IT IS HEREBY ORDERED AS FOLLOWS:

(1) The definitions and other provisions of Section 1-119 of the Illinois Pension Code [40 ILCS 5/1-119] are adopted by reference and made a part of this Order.

(2) Identification of Retirement System and parties:

Retirement System:
(Name)
.....
(Address)

Member:

(Name)
 (Mailing Address)
 (Social Security Number)

Alternate payee:
 (Name)
 (Mailing Address)
 (Social Security Number)

The Alternate payee is the member's current or former spouse/ child or other dependent [check one].

(3) The following shall apply if and only if the QILDRO allocated benefits to the alternate payee in the specific Section noted. The Retirement System shall pay the amounts as directed below, but only if and when the benefits are payable pursuant to the QILDRO and Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119). Parties shall see QILDRO Section IX for the definitions of A, B, C and D as used below.

(a) The alternate payee's benefit pursuant to QILDRO Section III(A)(2) shall be calculated pursuant to Section IX of the QILDRO and paid as follows:

(...../.....) X X =
 [Enter A] [Enter B] [Enter C] [Enter D] [Monthly Amount]

(b) The alternate payee's benefit pursuant to QILDRO Section V(A)(2) shall be calculated pursuant to Section IX of the QILDRO and paid as follows:

(...../.....) X X =
 [Enter A] [Enter B] [Enter C] [Enter D] [Amount]

(c) The alternate payee's benefit pursuant to QILDRO Section VI(A)(2) shall be calculated pursuant to Section IX of the QILDRO and paid as follows:

(...../.....) X X =
 [Enter A] [Enter B] [Enter C] [Enter D] [Amount]

(d) The alternate payee's benefit pursuant to QILDRO Section VII(A)(2) shall be calculated pursuant to Section IX of the QILDRO and paid as follows:

(...../.....) X X =
 [Enter A] [Enter B] [Enter C] [Enter D] [Amount]

The Retirement System's sole obligation with respect to the equations in this paragraph (3) is to pay the amounts indicated as the result of the equations. The Retirement System shall have no obligation to review or verify the equations or to assist in the calculations used to determine such amounts.

(4) The following shall apply only if the QILDRO allocated benefits to the alternate payee in the specific Section noted. The Retirement System shall pay the amounts as directed below, but only if and when the benefits are payable pursuant to the QILDRO and Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119).

(A) The alternate payee's benefit pursuant to QILDRO Section III(A)(3) shall be calculated and paid as follows:

..... X =
[Gross benefit amount] [Percentage] [Monthly Amount]

(B) The alternate payee's benefit pursuant to QILDRO Section V(A)(3) shall be calculated and paid as follows:

..... X =
[Gross benefit amount] [Percentage] [Amount]

(C) The alternate payee's benefit pursuant to QILDRO Section VI(A)(3) shall be calculated and paid as follows:

..... X =
[Gross benefit amount] [Percentage] [Amount]

(D) The alternate payee's benefit pursuant to QILDRO Section VII(A)(3) shall be calculated and paid as follows:

..... X =
[Gross benefit amount] [Percentage] [Amount]

The Retirement System's sole obligation with respect to the equations in this paragraph (4) is to pay the amounts indicated as the result of the equations. The Retirement System shall have no obligation to review or verify the equations or to assist in the calculations used to determine such amounts.

(5) The Court retains jurisdiction over this matter for the following purposes:

- (A) to establish or maintain this Order as a QILDRO Calculation Court Order;
- (B) to enter amended QILDROs and QILDRO Calculation

Court Orders to conform to the parties' QILDRO, Marital Settlement Agreement or Agreement for Legal Separation ("Agreement"), to the parties' Judgment for Dissolution of Marriage or Judgment for Legal Separation ("Judgment"), to

any modifications of the parties' QILDRO, Agreement, or Judgment, or to any supplemental orders entered to clarify the parties' QILDRO, Agreement, or Judgment; and

(C) To enter supplemental orders to clarify the intent of the parties or the Court regarding the benefits allocated herein in accordance with the parties' Agreement or Judgment, with any modifications of the parties' Agreement or Judgment, or with any supplemental orders entered to clarify the parties' Agreement or Judgment. A supplemental order may not require the Retirement System to take any action not permitted under Illinois law or the Retirement System's administrative rules. To the extent the supplemental order does not conform to Illinois law or administrative rule, it shall not be binding upon the Retirement System.

DATED:

SIGNED:
[Judge's Signature]

(o) (1) A court in Illinois that has issued a QILDRO shall retain jurisdiction of all issues relating to the modification of the QILDRO as indicated in Section XII of the QILDRO and in accordance with Illinois law. A court in Illinois that has issued a QILDRO Calculation Court Order shall retain jurisdiction of all issues relating to the modification of the QILDRO Calculation Court Order as indicated in Section 5 of the QILDRO Calculation Court Order and in accordance with Illinois law.

(2) The Administrative Review Law and the rules adopted pursuant thereto shall govern and apply to all proceedings for judicial review of final administrative decisions of the board of trustees of the retirement system arising under this Section.

The term "administrative decision" is defined as in Section 3-101 of the Code of Civil Procedure. The venue for review under the Administrative Review Law shall be the same as is provided by law for judicial review of other administrative decisions of the retirement system.

(p) (1) Each retirement system may adopt any procedures or rules that it deems necessary or useful for the implementation of this Section.

(2) Each retirement system may by rule modify the model QILDRO form provided in subsection (n), except that no retirement system may change that form in a way that limits the choices provided to the alternate payee in subsections (n) or (n-5). Each retirement system may by rule require that additional information be included in QILDROs presented to the system, as may be necessary to meet the needs of the retirement system.

(3) Each retirement system shall define its blank model QILDRO form and blank model QILDRO Calculation Court Order form as an original of the forms or a paper copy of the forms. Each retirement system shall, whenever possible, make the forms available on the internet in non-modifiable computer format (for example, Adobe Portable Document Format files) for printing purposes.

(4) If a retirement system in good faith implements an order under this Section that follows substantially the same form as the model order and the retirement system later discovers that the implemented order was not absolutely identical to the retirement system's model order, the retirement system's implementation shall not be a violation of this Section and the retirement system shall have no responsibility to compensate the member or the alternate payee for moneys that would have been paid or not paid had the order been identical to the model order.

(Source: P.A. 93-347, eff. 7-24-03; 94-657, eff. 7-1-06.)

(40 ILCS 5/1-120)

Sec. 1-120. Payment to trust.

(a) If a person is a minor or has been determined by a court to be under a legal disability, any benefits payable to that person under this Code may be paid to the trustee of a trust created for the sole benefit of that person while the person is living, if the trustee of the trust has advised the board of trustees of the pension fund or retirement system in writing that the benefits will be held or used for the sole benefit of that person. The pension fund or retirement system shall not be required to determine the validity of the trust or of any of the terms of the trust. The representation of the trustee that the trust meets the requirements of this Section shall be conclusive as to the pension fund or retirement system. Payment of benefits to the trust shall be an absolute discharge of the pension fund or retirement system's liability with respect to the amounts so paid.

(b) For purposes of this Section, "minor" means an unmarried person under the age of 18.

(c) This Section is not a limitation on any other power to pay benefits to or on behalf of a minor or person under legal disability that is granted under this Code or other applicable law.

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

(40 ILCS 5/1-122)

Sec. 1-122. Service with the Legislative Ethics Commission or Office of the Legislative Inspector General. Notwithstanding any provision in this Code to the contrary, if a person serves 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, then (A) no retirement annuity or other benefit of that person under this Code is subject to forfeiture, diminishment, suspension, or other impairment solely by virtue of that service and (B) that person does not participate in any pension fund or retirement system under this Code with respect to that service, unless that person (i) is qualified to so participate and (ii) affirmatively elects to so participate. This Section applies without regard to whether the person is in active service under the applicable Article of this Code on or after the effective date of this amendatory Act of the 93rd General Assembly. In this Section, a "part-time employee" is a person who is not required to work at least 35 hours per week.

(Source: P.A. 93-685, eff. 7-8-04.)

(40 ILCS 5/1-123)

Sec. 1-123. Service as legal counsel. Notwithstanding any provision in this Code to the contrary, if a person is a participant under Article 18 and files a written election by July 1, 2005 with the Judges Retirement System of Illinois, then that person may serve either as legal counsel in the Office of the Governor or as Chief Deputy Attorney General and (A) no retirement annuity or other benefit of that person under Article 18 is subject to forfeiture, diminishment, suspension, or other impairment solely by virtue of that service and (B) that person does not participate in any pension fund or retirement system under this Code with respect to that service. This Section applies without regard to whether the person is in active service under Article 18 of this Code on or after the effective date of this amendatory Act of the 93rd General Assembly.

(Source: P.A. 93-1069, eff. 1-15-05.)

(40 ILCS 5/1-125)

Sec. 1-125. Prohibition on gifts.

(a) For the purposes of this Section:

"Gift" means a gift as defined in Section 1-5 of the State Officials and Employees Ethics Act.

"Prohibited source" means a person or entity who:

(i) is seeking official action (A) by the board or (B) by a board member;

(ii) does business or seeks to do business (A) with the board or (B) with a board member;

(iii) has interests that may be substantially affected by the performance or non-performance of the official duties of the board member; or

(iv) is registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, except that an entity not otherwise a prohibited source does not become a prohibited source merely because a registered lobbyist is one of its members or serves on its board of directors.

(b) No trustee or employee of a retirement system, pension fund, or investment board created under this Code shall intentionally solicit or accept any gift from any prohibited source as prescribed in Article 10 of the State Officials and Employees Ethics Act. The exceptions contained in Section 10-15 of that Act, other than paragraphs (4) and (5) of that Section shall apply to trustees and employees of a retirement system, pension fund, or investment board created under this Code. Solicitation or acceptance of educational materials, however, is not prohibited. For the purposes of this Section, references to "State employee" and "employee" in Article 10 of the State Officials and Employees Ethics Act shall include a trustee or employee of a retirement system, pension fund, or investment board created under this Code.

(c) A municipality may adopt or maintain policies or ordinances that are more restrictive than those set forth in this Section and may continue to follow any existing policies or ordinances that are more restrictive or are in addition to those set forth in this Section.

(d) To the extent that the provisions of this Section conflict with the provisions of the State Officials and

Employees Ethics Act, the provisions of this Section control.

(e) Violation of this Section is a Class A misdemeanor.

(Source: P.A. 95-950, eff. 8-29-08; 96-6, eff. 4-3-09.)

(40 ILCS 5/1-130)

Sec. 1-130. No monetary gain on investments. No member or employee of the board of trustees of any retirement system, pension fund, or investment board created under this Code nor any spouse of such member or employee shall knowingly have any direct interest in the income, gains, or profits of any investments made on behalf of a retirement system, pension fund, or investment board created under this Code for which such person is a member or employee, nor receive any pay or emolument for services in connection with any investment. No member or employee of the board of trustees of any retirement system, pension fund, or investment board created under this Code shall become an endorser or surety, or in any manner an obligor for money loaned or borrowed from any retirement system or pension fund created under this Code or the Illinois State Board of Investment. For the purposes of this Section, an annuity otherwise provided in accordance with this Code or any income, gains, or profits related to any non-controlling interest in any public securities, mutual fund, or other passive investment is not considered monetary gain on investments.

Violation of this Section is a Class 3 felony.

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-135)

Sec. 1-135. Fraud. Any person who knowingly makes any false statement or falsifies or permits to be falsified any record of a retirement system or pension fund created under this Code or the Illinois State Board of Investment in an attempt to defraud the retirement system or pension fund created under this Code or the Illinois State Board of Investment is guilty of a Class 3 felony. Any reasonable suspicion by any appointed or elected commissioner, trustee, director, or board member of a retirement system or pension fund created under this Code or the State Board of Investment of a false statement or falsified record being submitted or permitted by a person under this Code shall be immediately referred to the board of trustees of the applicable retirement system or pension fund created under this Code, the State Board of Investment, or the State's Attorney of the jurisdiction where the alleged fraudulent activity occurred. The board of trustees of a retirement system or pension fund created under this Code or the State Board of Investment shall immediately notify the State's Attorney of the jurisdiction where any alleged fraudulent activity occurred for investigation. For the purposes of this Section, "reasonable suspicion" means a belief, based upon specific and articulable facts, taken together with rational inferences from those facts, that would lead a reasonable person to believe that fraud has been, or will be, committed. A reasonable suspicion is more than a non-particularized suspicion. A mere inconsistency, standing alone, does not give rise to a reasonable suspicion.

(Source: P.A. 96-6, eff. 4-3-09; 97-651, eff. 1-5-12.)

(40 ILCS 5/1-145)

Sec. 1-145. Contingent and placement fees prohibited. No person or entity shall retain a person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of a retirement system, pension fund, or investment board of this Code for compensation, contingent in whole or in part upon the decision or procurement. Any person who violates this Section is guilty of a business offense and shall be fined not more than \$10,000. In addition, any person convicted of a violation of this Section is prohibited for a period of 3 years from conducting such activities.

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-150)

Sec. 1-150. Approval of travel or educational mission. The expenses for travel or educational missions of a board member of a retirement system, pension fund, or investment board created under this Code, except those whose investments are restricted by Section 1-113.2 of this Code, must be approved by a majority of the board prior to the travel or educational mission.

(Source: P.A. 96-6, eff. 4-3-09.)

(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, 15 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. Notwithstanding anything to the contrary in this Section, for purposes of this Section, a person who participated in a retirement system under Article 15 prior to January 1, 2011 shall be deemed a person who first became a member or participant prior to January 1, 2011 under any retirement system or pension fund subject to this Section. The changes made to this Section by Public Act 98-596 are a clarification of existing law and are intended to be retroactive to the effective date of Public Act 96-889, notwithstanding the provisions of Section 1-103.1 of this Code.

(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 Article 7 (except for service as sheriff's law enforcement employees), "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 (beginning January 1, 2015, age 65 with respect to service under Article 8, 11, or 12 of this Code that is subject to this Section) 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 (beginning January 1, 2015, age 60 with respect to service under Article 8, 11, or 12 of this Code that is subject to this Section) 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 (beginning January 1, 2015, age 60 with respect to service under Article 8, 11, or 12 of this Code that is subject to this Section) 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 (beginning January 1, 2015, age 65 with respect to service under Article 8, 11, or 12 of this Code that is subject to this Section).

(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 (beginning January 1, 2015, age 65 with respect to service under Article 8, 11,

or 12 of this Code that is subject to this Section) or the first anniversary (the second anniversary with respect to service under Article 8 or 11) 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.

Notwithstanding any provision of this Section to the contrary, with respect to service under Article 8 or 11 of this Code that is subject to this Section, no annual increase under this subsection shall be paid or accrue to any person in year 2025. In all other years, the Fund shall continue to pay annual increases as provided in this Section.

Notwithstanding Section 1-103.1 of this Code, the changes in this amendatory Act of the 98th General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 98th General Assembly.

(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) (Blank).

(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. 97-609, eff. 1-1-12; 98-92, eff. 7-16-13; 98-596, eff. 11-19-13; 98-622, eff. 6-1-14; 98-641, eff. 6-9-14.)

(40 ILCS 5/1-165)

Sec. 1-165. Commission on Government Forecasting and Accountability study. The Commission on Government Forecasting and Accountability shall conduct a study on the feasibility of:

(1) the creation of an investment pool to supplement and enhance the investment opportunities available to boards of trustees of the pension funds organized under Articles 3 and 4 of this Code; the study shall include an analysis on any cost or cost savings associated with establishing the system and transferring assets for management under the investment pool; and

(2) enacting a contribution cost-share component wherein employing municipalities and members of funds established under Articles 3 and 4 of this Code each contribute 50% of the normal cost of the defined-benefit

plan.

The Commission shall issue a report on its findings on or before December 31, 2011.

(Source: P.A. 96-1495, eff. 1-1-11.)

(40 ILCS 5/1-166)

Sec. 1-166. Proportional annuity liability.

(a) If a participant's final average salary in a participating system under the Retirement Systems Reciprocal Act, other than the General Assembly Retirement System, is used to calculate a proportional retirement annuity for that participant under the General Assembly Retirement System, if that final average salary is higher than the highest salary for annuity purposes of that person under the General Assembly Retirement System, and if the participant retires after the effective date of this Section with less than 2 years of service that has accrued in that participating system since his or her last day of active participation in the General Assembly Retirement System, then the increased cost of the proportional annuity paid by the General Assembly Retirement System that is attributable to that higher level of compensation shall be paid by the employer of the participant under that other participating system to the General Assembly Retirement System in the form of a lump sum payment determined by the General Assembly Retirement System in accordance with its annuity tables and other actuarial assumptions.

(b) For the purposes of this Section, "final average salary in a participating system under the Retirement Systems Reciprocal Act, other than the General Assembly Retirement System," includes:

(1) In Section 1-160 and Articles 16 and 18, "final average salary".

(2) In Articles 7 and 15, "final rate of earnings".

(3) 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".

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

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

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

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

(c) If an employer fails to pay the amount required under this Section to the General Assembly Retirement System for more than 90 days after the payment is due, the System, after giving notice to the employer, may certify to the State Comptroller the amount of the delinquent payment and the Comptroller shall deduct the amount so certified or any part thereof from any payment of State funds to the employer and shall pay the amount so deducted to the System. If State funds from which such deductions may be made are not available, then the System may proceed against the employer to recover the amount of the delinquent payment in the appropriate circuit court.

(Source: P.A. 97-967, eff. 8-16-12.)

Information maintained by the Legislative Reference Bureau

Updating the database of the Illinois Compiled Statutes (ILCS) is an ongoing process. Recent laws may not yet be included in the ILCS database, but they are found on this site as [Public Acts](#) soon after they become law. For information concerning the relationship between statutes and Public Acts, refer to the [Guide](#).

Because the statute database is maintained primarily for legislative drafting purposes, statutory changes are sometimes included in the statute database before they take effect. If the source note at the end of a Section of the statutes includes a Public Act that has not yet taken effect, the version of the law that is currently in effect may have already been removed from the database and you should refer to that Public Act to see the changes made to the current law.

**PENSIONS
(40 ILCS 5/) Illinois Pension Code.**

(40 ILCS 5/Art. 1A heading)

ARTICLE 1A. REGULATION OF PUBLIC PENSION FUNDS

(40 ILCS 5/1A-101)

Sec. 1A-101. Creation of Public Pension Division. There is created in the Department of Insurance a Public Pension Division which, under the supervision and direction of the Director of Insurance, shall exercise the powers and perform the duties and functions prescribed under this Code. The Division shall consist of an administrator, a supervisor, a technical staff trained in the fundamentals of public pension fund planning, operations, administration, and investment of public pension funds, and such other personnel as may be necessary properly and effectively to discharge the functions of the Division.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1A-102)

Sec. 1A-102. Definitions. As used in this Article, the following terms have the meanings ascribed to them in this Section, unless the context otherwise requires:

"Accrued liability" means the actuarial present value of future benefit payments and appropriate administrative expenses under a plan, reduced by the actuarial present value of all future normal costs (including any participant contributions) with respect to the participants included in the actuarial valuation of the plan.

"Actuarial present value" means the single amount, as of a given valuation date, that results from applying actuarial assumptions to an amount or series of amounts payable or receivable at various times.

"Actuarial value of assets" means the value assigned by the actuary to the assets of a plan for the purposes of an actuarial valuation.

"Basis point" means 1/100th of one percent.

"Beneficiary" means a person eligible for or receiving benefits from a pension fund as provided in the Article of this Code under which the fund is established.

"Credited projected benefit" means that portion of a participant's projected benefit based on an allocation taking into account service to date determined in accordance with the terms of the plan based on anticipated future compensation.

"Current value" means the fair market value when

available; otherwise, the fair value as determined in good faith by a trustee, assuming an orderly liquidation at the time of the determination.

"Department" means the Department of Insurance of the State of Illinois.

"Director" means the Director of the Department of Insurance.

"Division" means the Public Pension Division of the Department of Insurance.

"Governmental unit" means the State of Illinois, any instrumentality or agency thereof (except transit authorities or agencies operating within or within and without cities with a population over 3,000,000), and any political subdivision or municipal corporation that establishes and maintains a public pension fund.

"Normal cost" means that part of the actuarial present value of all future benefit payments and appropriate administrative expenses assigned to the current year under the actuarial valuation method used by the plan (excluding any amortization of the unfunded accrued liability).

"Participant" means a participating member or deferred pensioner or annuitant of a pension fund as provided in the Article of this Code under which the pension fund is established, or a beneficiary thereof.

"Pension fund" means any public pension fund, annuity and benefit fund, or retirement system established under this Code.

"Plan year" means the calendar or fiscal year on which the records of a given plan are kept.

"Projected benefits" means benefit amounts under a plan which are expected to be paid at various future times under a particular set of actuarial assumptions, taking into account, as applicable, the effect of advancement in age and past and anticipated future compensation and service credits.

"Supplemental annual cost" means that portion of the unfunded accrued liability assigned to the current year under one of the following bases:

- (1) interest only on the unfunded accrued liability;
- (2) the level annual amount required to amortize the unfunded accrued liability over a period not exceeding 40 years;
- (3) the amount required for the current year to amortize the unfunded accrued liability over a period not exceeding 40 years as a level percentage of payroll.

"Total annual cost" means the sum of the normal cost plus the supplemental annual cost.

"Unfunded accrued liability" means the excess of the accrued liability over the actuarial value of the assets of a plan.

"Vested pension benefit" means an interest obtained by a participant or beneficiary in that part of an immediate or deferred benefit under a plan which arises from the participant's service and is not conditional upon the participant's continued service for an employer any of whose employees are covered under the plan, and which has not been forfeited under the terms of the plan.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1A-103)

Sec. 1A-103. Rules. The Department is authorized to

promulgate rules necessary for the administration and enforcement of this Code. Except as otherwise provided under this Code, these rules shall apply only to pension funds established under Article 3 or Article 4 of this Code. Rules adopted pursuant to this Section shall govern where conflict with local rules and regulations exists.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1A-104)

Sec. 1A-104. Examinations and investigations.

(a) The Division shall make periodic examinations and investigations of all pension funds established under this Code and maintained for the benefit of employees and officers of governmental units in the State of Illinois. However, in lieu of making an examination and investigation, the Division may accept and rely upon a report of audit or examination of any pension fund made by an independent certified public accountant pursuant to the provisions of the Article of this Code governing the pension fund. The acceptance of the report of audit or examination does not bar the Division from making a further audit, examination, and investigation if deemed necessary by the Division.

The Department may implement a flexible system of examinations under which it directs resources as it deems necessary or appropriate. In consultation with the pension fund being examined, the Division may retain attorneys, independent actuaries, independent certified public accountants, and other professionals and specialists as examiners, the cost of which (except in the case of pension funds established under Article 3 or 4) shall be borne by the pension fund that is the subject of the examination.

(b) The Division shall examine or investigate each pension fund established under Article 3 or Article 4 of this Code. The schedule of each examination shall be such that each fund shall be examined once every 3 years.

Each examination shall include the following:

(1) an audit of financial transactions, investment policies, and procedures;

(2) an examination of books, records, documents, files, and other pertinent memoranda relating to financial, statistical, and administrative operations;

(3) a review of policies and procedures maintained for the administration and operation of the pension fund;

(4) a determination of whether or not full effect is being given to the statutory provisions governing the operation of the pension fund;

(5) a determination of whether or not the administrative policies in force are in accord with the purposes of the statutory provisions and effectively protect and preserve the rights and equities of the participants;

(6) a determination of whether or not proper financial and statistical records have been established and adequate documentary evidence is recorded and maintained in support of the several types of annuity and benefit payments being made; and

(7) a determination of whether or not the calculations made by the fund for the payment of all annuities and benefits are accurate.

In addition, the Division may conduct investigations,

which shall be identified as such and which may include one or more of the items listed in this subsection.

A copy of the report of examination or investigation as prepared by the Division shall be submitted to the secretary of the board of trustees of the pension fund examined or investigated and to the chief executive officer of the municipality. The Director, upon request, shall grant a hearing to the officers or trustees of the pension fund or their duly appointed representatives, upon any facts contained in the report of examination. The hearing shall be conducted before filing the report or making public any information contained in the report. The Director may withhold the report from public inspection for up to 60 days following the hearing.

(Source: P.A. 95-950, eff. 8-29-08.)

(40 ILCS 5/1A-105)

Sec. 1A-105. Examination and subpoena of records and witnesses. The Director may administer oaths and affirmations and summon and compel the attendance before him or her and examine under oath any officer, trustee, agent, actuary, attorney, or employee connected either directly or indirectly with any pension fund, or any other person having information regarding the condition, affairs, management, administration, or methods of conducting a pension fund. The Director may require any person having possession of any record, book, paper, contract, or other document pertaining to a pension fund to surrender it or to otherwise afford the Director access to it and for failure so to do the Director may attach the same.

Should any person fail to obey the summons of the Director or refuse to surrender to him or her or afford him or her access to any such record, book, paper, contract, or other document, the Director may apply to the circuit court of the county in which the principal office of the pension fund involved is located, and the court, if it finds that the Director has not exceeded his or her authority in the matter, may, by order duly entered, require the attendance of witnesses and the production of all relevant documents required by the Director in carrying out his or her responsibilities under this Code. Upon refusal or neglect to obey the order of the court, the court may compel obedience by proceedings for contempt of court.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1A-106)

Sec. 1A-106. Advisory services. The Division shall render advisory services to the pension funds on all matters pertaining to their operations and shall recommend any corrective or clarifying legislation that it may deem necessary. These recommendations shall be made in the report of examination of the particular pension fund and in the biennial report to the General Assembly under Section 1A-108. The recommendations may embrace all substantive legislative and administrative policies, including, but not limited to, matters dealing with the payment of annuities and benefits, the investment of funds, and the condition of the books, records, and accounts of the pension fund.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1A-107)

Sec. 1A-107. Automation of services. The Division shall automate its operations, services, and communications to the fullest practical extent. This automation shall include, but need not be limited to, the acquisition, use, and maintenance of electronic data processing technology to (i) automate Division operations as necessary to carry out its duties and responsibilities under this Code, (ii) provide by FY 2000 electronic exchange of information between the Division and pension funds subject to this Code, (iii) provide to pension funds and the general public and receive from pension funds and the general public data on computer processible media, and (iv) control access to information when necessary to protect the confidentiality of persons identified in the information.

The Division shall ensure that this automation is designed so as to protect any confidential data it may receive from a pension fund. This Section does not authorize the Division or the Department of Insurance to disclose any information identifying specific pension fund participants or relating to an identifiable pension fund participant.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1A-108)

Sec. 1A-108. Report to the Governor and General Assembly. On or before October 1 following the convening of a regular session of the General Assembly, the Division shall submit a report to the Governor and General Assembly setting forth the latest financial statements on the pension funds operating in the State of Illinois, a summary of the current provisions underlying these funds, and a report on any changes that have occurred in these provisions since the date of the last such report submitted by the Division.

The report shall also include the results of examinations made by the Division of any pension fund and any specific recommendations for legislative and administrative correction that the Division deems necessary. The report may embody general recommendations concerning desirable changes in any existing pension, annuity, or retirement laws designed to standardize and establish uniformity in their basic provisions and to bring about an improvement in the financial condition of the pension funds. The purposes of these recommendations and the objectives sought shall be clearly expressed in the report.

The requirement for reporting to the General Assembly shall be satisfied by filing copies of the report with the Speaker, the Minority Leader, and the Clerk of the House of Representatives, the President, the Minority Leader, and the Secretary of the Senate, and the Legislative Research Unit, as required by Section 3.1 of the General Assembly Organization Act, and filing additional copies with the State Government Report Distribution Center for the General Assembly as required under paragraph (t) of Section 7 of the State Library Act.

Upon request, the Division shall distribute additional copies of the report at no charge to the secretary of each pension fund established under Article 3 or 4, the treasurer or fiscal officer of each municipality with an established police or firefighter pension fund, the executive director of every other pension fund established under this Code, and to public libraries, State agencies, and police, firefighter, and

municipal organizations active in the public pension area.
(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1A-108.5)

Sec. 1A-108.5. Economic opportunity investments.

(a) For the purposes of this Section:

"Economic opportunity investment" means a qualified investment, managed passively or actively by the pension fund, that promotes economic development within the State of Illinois by providing financially prudent investment opportunities in or through the use of (a) Illinois businesses or (b) Illinois-based projects that promote the economy of the State or a region of the State, including without limitation promotion of venture capital programs, coal and other natural resource development, tourism development, infrastructure development, real estate development, and job development within the State of Illinois, while producing a competitive rate of return commensurate with the risk of investment.

"Illinois business" means a business, including an investment adviser, that is headquartered in Illinois.

"Illinois-based project" means an individual project of a business, including the provision of products and investment and other services to the pension fund, that will result in the conduct of business within the State, the employment of individuals within the State, or the acquisition of real property located within the State.

(b) It is the public policy of the State of Illinois to encourage the pension funds, and any State entity investing funds on behalf of pension funds, to promote the economy of Illinois through the use of economic opportunity investments to the greatest extent feasible within the bounds of financial and fiduciary prudence.

(c) Each pension fund, except pension funds created under Articles 3 and 4 of this Code, shall submit a report to the Governor and the General Assembly by September 1 of each year, beginning in 2009, that identifies the economic opportunity investments made by the fund, the primary location of the business or project, the percentage of the fund's assets in economic opportunity investments, and the actions that the fund has undertaken to increase the use of economic opportunity investments.

(d) Pension funds created under Articles 2, 14, 15, 16, and 18 of this Act, and any State agency investing funds on behalf of those pension funds, must make reasonable efforts to invest in economic opportunity investments.

(e) In making economic opportunity investments, trustees and fiduciaries must comply with the relevant requirements and restrictions set forth in Sections 1-109, 1-109.1, 1-109.2, 1-110, and 1-111 of this Code. Economic opportunity investments that otherwise comply with this Code shall not be deemed imprudent solely because they are investments in an Illinois business or Illinois-based project.

(Source: P.A. 96-753, eff. 8-25-09.)

(40 ILCS 5/1A-109)

Sec. 1A-109. Annual statements by pension funds. Each pension fund shall furnish to the Division an annual statement in a format prepared by the Division. The Division shall design the form and prescribe the content of the annual statement and, at least 60 days prior to the filing date,

shall furnish the form to each pension fund for completion. The annual statement shall be prepared by each fund, properly certified by its officers, and submitted to the Division within 6 months following the close of the fiscal year of the pension fund.

The annual statement shall include, but need not be limited to, the following:

- (1) a financial balance sheet as of the close of the fiscal year;
- (2) a statement of income and expenditures;
- (3) an actuarial balance sheet;
- (4) statistical data reflecting age, service, and salary characteristics concerning all participants;
- (5) special facts concerning disability or other claims;
- (6) details on investment transactions that occurred during the fiscal year covered by the report;
- (7) details on administrative expenses; and
- (8) such other supporting data and schedules as in the judgement of the Division may be necessary for a proper appraisal of the financial condition of the pension fund and the results of its operations. The annual statement shall also specify the actuarial and interest tables used in the operation of the pension fund.

A pension fund that fails to file its annual statement within the time prescribed under this Section is subject to the penalty provisions of Section 1A-113.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1A-110)

Sec. 1A-110. Actuarial statements by pension funds established under Articles other than 3 or 4.

(a) Each pension fund established under an Article of this Code other than Article 3 or 4 shall include as part of its annual statement a complete actuarial statement applicable to the plan year.

The actuarial statement shall be filed with the Division within 9 months after the close of the fiscal year of the pension fund. Any pension fund that fails to file within that time is subject to the penalty provisions of Section 1A-113.

The board of trustees of each pension fund subject to this Section, on behalf of all its participants, shall engage an enrolled actuary who shall be responsible for the preparation of the materials comprising the actuarial statement. The enrolled actuary shall utilize such assumptions and methods as are necessary for the contents of the matters reported in the actuarial statement to be reasonably related to the experience of the plan and to reasonable expectations, and to represent in the aggregate the actuary's best estimate of anticipated experience under the plan.

The actuarial statement shall include a description of the actuarial assumptions and methods used to determine the actuarial values in the statement and shall disclose the impact of significant changes in the actuarial assumptions and methods, plan provisions, and other pertinent factors on the actuarial position of the plan.

The actuarial statement shall include a statement by the enrolled actuary that to the best of his or her knowledge the actuarial statement is complete and accurate and has been prepared in accordance with generally accepted actuarial

principles and practice.

For the purposes of this Section, "enrolled actuary" means an actuary who (1) is a member of the Society of Actuaries or the American Academy of Actuaries and (2) either is enrolled under Subtitle C of Title III of the Employee Retirement Income Security Act of 1974 or was engaged in providing actuarial services to a public retirement plan in Illinois on July 1, 1983.

(b) The actuarial statement referred to in subsection (a) shall include all of the following:

(1) The dates of the plan year and the date of the actuarial valuation applicable to the plan year for which the actuarial statement is filed.

(2) The amount of (i) the contributions made by the participants, and (ii) all other contributions, including those made by the employer or employers.

(3) The total estimated amount of the covered compensation with respect to active participants for the plan year for which the statement is filed.

(4) The number of (i) active participants, (ii) terminated participants currently eligible for deferred vested pension benefits or the return of contributions made by those participants, and (iii) all other participants and beneficiaries included in the actuarial valuation.

(5) The following values as of the date of the actuarial valuation applicable to the plan year for which the statement is filed:

(i) The current value of assets accumulated in the plan.

(ii) The unfunded accrued liability. The major factors that have resulted in the change in the unfunded accrued liability from the previous year shall be identified. Effects that are individually significant shall be separately identified. As a minimum, the effect of the following shall be shown: plan amendments; changes in actuarial assumptions; experience less (or more) favorable than that assumed; and contributions less (or more) than the normal cost plus interest on the unfunded accrued liability.

(iii) The amount of accumulated contributions for active participants (including interest, if any).

(iv) The actuarial present value of credited projected benefits for vested participants currently receiving benefits, other vested participants, and non-vested participants.

(6) The actuarial value of assets.

(7) Any other information that is necessary to fully and fairly disclose the actuarial position of the plan and any other information the enrolled actuary may present.

(8) Any other information regarding the plan that the Division may by rule request.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1A-111)

Sec. 1A-111. Actuarial statements by pension funds established under Article 3 or 4.

(a) Each pension fund established under Article 3 or 4 of this Code shall include as part of its annual statement a complete actuarial statement applicable to the plan year.

If the actuarial statement is prepared by a person other than the Department, it shall be filed with the Division within 9 months after the close of the fiscal year of the pension fund. Any pension fund that fails to file within that time shall be subject to the penalty provisions of Section 1A-113. The statement shall be prepared by or under the supervision of a qualified actuary, signed by the qualified actuary, and contain such information as the Division may by rule require.

(b) For the purposes of this Section, "qualified actuary" means (i) a member of the American Academy of Actuaries, or (ii) an individual who has demonstrated to the satisfaction of the Director that he or she has the educational background necessary for the practice of actuarial science and has at least 7 years of actuarial experience.
(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1A-112)
Sec. 1A-112. Fees.

(a) Every pension fund that is required to file an annual statement under Section 1A-109 shall pay to the Department an annual compliance fee. In the case of a pension fund under Article 3 or 4 of this Code, the annual compliance fee shall be 0.02% (2 basis points) of the total assets of the pension fund, as reported in the most current annual statement of the fund, but not more than \$8,000. In the case of all other pension funds and retirement systems, the annual compliance fee shall be \$8,000.

(b) The annual compliance fee shall be due on June 30 for the following State fiscal year, except that the fee payable in 1997 for fiscal year 1998 shall be due no earlier than 30 days following the effective date of this amendatory Act of 1997.

(c) Any information obtained by the Division that is available to the public under the Freedom of Information Act and is either compiled in published form or maintained on a computer processible medium shall be furnished upon the written request of any applicant and the payment of a reasonable information services fee established by the Director, sufficient to cover the total cost to the Division of compiling, processing, maintaining, and generating the information. The information may be furnished by means of published copy or on a computer processed or computer processible medium.

No fee may be charged to any person for information that the Division is required by law to furnish to that person.

(d) Except as otherwise provided in this Section, all fees and penalties collected by the Department under this Code shall be deposited into the Public Pension Regulation Fund.

(e) Fees collected under subsection (c) of this Section and money collected under Section 1A-107 shall be deposited into the Department's Statistical Services Revolving Fund and credited to the account of the Public Pension Division. This income shall be used exclusively for the purposes set forth in Section 1A-107. Notwithstanding the provisions of Section 408.2 of the Illinois Insurance Code, no surplus funds remaining in this account shall be deposited in the Insurance Financial Regulation Fund. All money in this account that the Director certifies is not needed for the purposes set forth in Section 1A-107 of this Code shall be transferred to the Public

Pension Regulation Fund.

(f) Nothing in this Code prohibits the General Assembly from appropriating funds from the General Revenue Fund to the Department for the purpose of administering or enforcing this Code.

(Source: P.A. 93-32, eff. 7-1-03.)

(40 ILCS 5/1A-113)

Sec. 1A-113. Penalties.

(a) A pension fund that fails, without just cause, to file its annual statement within the time prescribed under Section 1A-109 shall pay to the Department a penalty to be determined by the Department, which shall not exceed \$100 for each day's delay.

(b) A pension fund that fails, without just cause, to file its actuarial statement within the time prescribed under Section 1A-110 or 1A-111 shall pay to the Department a penalty to be determined by the Department, which shall not exceed \$100 for each day's delay.

(c) A pension fund that fails to pay a fee within the time prescribed under Section 1A-112 shall pay to the Department a penalty of 5% of the amount of the fee for each month or part of a month that the fee is late. The entire penalty shall not exceed 25% of the fee due.

(d) This subsection applies to any governmental unit, as defined in Section 1A-102, that is subject to any law establishing a pension fund or retirement system for the benefit of employees of the governmental unit.

Whenever the Division determines by examination, investigation, or in any other manner that the governing body or any elected or appointed officer or official of a governmental unit has failed to comply with any provision of that law:

(1) The Director shall notify in writing the governing body, officer, or official of the specific provision or provisions of the law with which the person has failed to comply.

(2) Upon receipt of the notice, the person notified shall take immediate steps to comply with the provisions of law specified in the notice.

(3) If the person notified fails to comply within a reasonable time after receiving the notice, the Director may hold a hearing at which the person notified may show cause for noncompliance with the law.

(4) If upon hearing the Director determines that good and sufficient cause for noncompliance has not been shown, the Director may order the person to submit evidence of compliance within a specified period of not less than 30 days.

(5) If evidence of compliance has not been submitted to the Director within the period of time prescribed in the order and no administrative appeal from the order has been initiated, the Director may assess a civil penalty of up to \$2,000 against the governing body, officer, or official for each noncompliance with an order of the Director.

The Director shall develop by rule, with as much specificity as practicable, the standards and criteria to be used in assessing penalties and their amounts. The standards and criteria shall include, but need not be limited to,

consideration of evidence of efforts made in good faith to comply with applicable legal requirements. This rulemaking is subject to the provisions of the Illinois Administrative Procedure Act.

If a penalty is not paid within 30 days of the date of assessment, the Director without further notice shall report the act of noncompliance to the Attorney General of this State. It shall be the duty of the Attorney General or, if the Attorney General so designates, the State's Attorney of the county in which the governmental unit is located to apply promptly by complaint on relation of the Director of Insurance in the name of the people of the State of Illinois, as plaintiff, to the circuit court of the county in which the governmental unit is located for enforcement of the penalty prescribed in this subsection or for such additional relief as the nature of the case and the interest of the employees of the governmental unit or the public may require.

(e) Whoever knowingly makes a false certificate, entry, or memorandum upon any of the books or papers pertaining to any pension fund or upon any statement, report, or exhibit filed or offered for file with the Division or the Director of Insurance in the course of any examination, inquiry, or investigation, with intent to deceive the Director, the Division, or any of its employees is guilty of a Class A misdemeanor.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1A-201)

Sec. 1A-201. Advisory Commission on Pension Benefits.

(a) There is created an Advisory Commission on Pension Benefits. The Commission shall consist of 15 persons, of whom 8 shall be appointed by the Governor and one each shall be appointed by the President and Minority Leader of the Senate and the Speaker and Minority Leader of the House of Representatives. Four of the persons appointed by the Governor shall represent different statewide labor organizations, of which 2 shall be organizations that represent primarily teachers and 2 shall be organizations that represent primarily State employees other than teachers. The Directors of the retirement systems established under Articles 14, 15, and 16 of this Code shall be ex officio members of the Commission.

(b) The Commission shall consider and make its recommendations concerning changing the age and service requirements, automatic annual increase benefits, and employee contribution rates of the State-funded retirement systems and other pension-related issues as determined by the Commission. On or before November 1, 2005, the Commission shall report its findings and recommendations to the Governor and the General Assembly.

(c) The Commission may request actuarial data from any of the 5 State-funded retirement systems established under this Code. That data may include, but is not limited to, the dates of birth, years of service, salaries, and life expectancies of members. A retirement system shall provide the requested information as soon as practical after the request is received, but in no event later than any reasonable deadline imposed by the Commission.

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

Information maintained by the Legislative Reference Bureau

Updating the database of the Illinois Compiled Statutes (ILCS) is an ongoing process. Recent laws may not yet be included in the ILCS database, but they are found on this site as [Public Acts](#) soon after they become law. For information concerning the relationship between statutes and Public Acts, refer to the [Guide](#).

Because the statute database is maintained primarily for legislative drafting purposes, statutory changes are sometimes included in the statute database before they take effect. If the source note at the end of a Section of the statutes includes a Public Act that has not yet taken effect, the version of the law that is currently in effect may have already been removed from the database and you should refer to that Public Act to see the changes made to the current law.

**PENSIONS
(40 ILCS 5/) Illinois Pension Code.**

(40 ILCS 5/Art. 20 heading)

ARTICLE 20. RETIREMENT SYSTEMS RECIPROCAL ACT

(40 ILCS 5/20-101) (from Ch. 108 1/2, par. 20-101)

Sec. 20-101. Continuity and preservation of pension credits. There is established a plan for the continuity and preservation of pension credit, in accordance with the provisions hereof, in the case of employees transferring employment from one governmental unit to another. The purpose of this plan is to assure full and continuous pension credit for all service in public employment which is covered by a retirement system.

The acceptance of the provisions of this Article, shall be optional with the employee, or in the event of his death, with his survivor; however, the provisions of Section 20-120 shall be applicable to every person who applies for benefits from 2 or more retirement systems covered by this Article.
(Source: P.A. 77-531.)

(40 ILCS 5/20-102) (from Ch. 108 1/2, par. 20-102)

Sec. 20-102. Terms defined. The terms as used in this Article, shall have the meanings ascribed to them in Sections 20-103 to 20-113, inclusive, except when the context otherwise requires.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-103) (from Ch. 108 1/2, par. 20-103)

Sec. 20-103. Effective date. "Effective date": July 1, 1955, or in the case of any retirement system becoming subject to the provisions of "The 1955 Act" or this Article after such date, the date when such retirement system comes under the provisions of "The 1955 Act" or this Article.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-104) (from Ch. 108 1/2, par. 20-104)

Sec. 20-104. Employee. "Employee": Any person in the service of an employer on or after the effective date, who has pension credit because of service previous or subsequent to the effective date, who is an active or inactive member or participant of a retirement system.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-105) (from Ch. 108 1/2, par. 20-105)

Sec. 20-105. Employer. "Employer": The State of Illinois, any agency or instrumentality thereof, or any governmental unit in the State.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-106) (from Ch. 108 1/2, par. 20-106)

Sec. 20-106. Final average salary.

(a) "Final average salary": The average (or other) salary which is considered by a participating system in determining the amount of the retirement annuity or survivor's annuity.

(b) Earnings credits under all participating systems shall be considered by each system in determining final average salary, but subject to the limitations imposed by this amendatory Act of the 98th General Assembly for a participant in a defined contribution plan established under Article 2, 14, 15, or 16 of this Code. In calculating a proportional retirement or survivor's annuity based on these earnings credits, the participating system shall apply any limitations on earnings for annuity purposes that are imposed by the Article governing the system.

(Source: P.A. 98-599, eff. 6-1-14.)

(40 ILCS 5/20-107) (from Ch. 108 1/2, par. 20-107)

Sec. 20-107. Governmental unit. "Governmental unit": The State of Illinois or any agency or instrumentality thereof, or any political subdivision or municipal corporation in the State, which maintains a retirement system for the benefit of its employees.

(Source: Laws 1963, p. 161.)

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

Sec. 20-108. Participating system. "Participating system": Any retirement system to which "The 1955 Act" or this Article applies.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-109) (from Ch. 108 1/2, par. 20-109)

Sec. 20-109. "Pension credit": Credit or equities acquired by an employee in the form of contributions, earnings or service as defined under the law governing each of the systems in which he has credits or equities, except credits and equities (1) of less than one year in any one system, except that this one-year limitation shall not apply to (A) employees who transfer or are transferred, as a class, from one participating system to another or who are persons to whom Section 14-108.2a or 14-108.2b applies or (B) persons who move from participation with a school district as a teacher aide under Article 7 to participation under Article 16; or (2) which have previously been forfeited by acceptance of a refund or which have been applied towards a retirement annuity and have not been reestablished in accordance with the law governing the system from which the refund or retirement annuity had been received. If a retirement system provides no refund of contributions, the pension credit in the case of any employee who has participated in that system shall be considered effective for the purposes of this Article.

(Source: P.A. 94-834, eff. 6-6-06.)

(40 ILCS 5/20-110) (from Ch. 108 1/2, par. 20-110)

Sec. 20-110. Retirement annuity. "Retirement annuity": Any pension, retirement allowance, retirement annuity, disability pension, disability retirement allowance or disability retirement annuity, and an annuity payable on account of retirement for age, years of service or total and permanent disability.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-111) (from Ch. 108 1/2, par. 20-111)

Sec. 20-111. Retirement system. "Retirement system": Any retirement system or pension fund which has been created by statute and which is financed in whole or in part by contributions by the State or by any governmental unit of the State or any municipality of the State.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-112) (from Ch. 108 1/2, par. 20-112)

Sec. 20-112. Survivor's annuity. "Survivor's annuity": Payments by a system which are made to the widow or survivors of an employee or participant in the form of a pension or annuity or a lump sum which, under the provisions of the law governing such system, is considered as a widow's or survivor's benefit, or a lump sum which is made in lieu of a pension or annuity which would otherwise be payable to the widow or survivor.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-113) (from Ch. 108 1/2, par. 20-113)

Sec. 20-113. The 1955 Act. "The 1955 Act": The "Retirement Systems Reciprocal Act" approved July 11, 1955, as amended.

(Source: Laws 1963, p. 161.)

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

Sec. 20-114. Benefits covered by this article. The provisions of this Article shall be applicable and limited only to a retirement annuity and survivor's annuity, and to the pension credit established for such purposes. Any death benefit, ordinary disability benefit, duty disability benefit, accidental disability benefit, supplemental annuity, or any other type of annuity or benefit provided by any retirement system, not included in the definition of retirement annuity and survivor's annuity shall not be affected by the provisions except as provided in Section 20-124.

(Source: P.A. 76-744.)

(40 ILCS 5/20-115) (from Ch. 108 1/2, par. 20-115)

Sec. 20-115. Eligibility for a proportional annuity. Any person who has pension credit in 2 or more participating systems shall be entitled to a proportional retirement annuity, and his survivors shall be entitled to a survivors annuity in accordance with the provisions of this Article, if his combined pension credit is at least equal to the longest minimum qualifying period prescribed by any of such systems. The qualifying period of each of these systems shall be that which was in effect on the date of the employee's latest withdrawal from service covered by any of these systems.

Each participating system shall, in determining eligibility for a proportional retirement annuity or survivors

annuity, consider the combined service and contributions of the employee for which pension credit has been granted under all participating systems. If the law governing a participating system provides that a retirement or survivors annuity shall be payable only if the annuity exceeds a certain dollar minimum, the proportional annuity provided by pension credits under all participating systems shall be considered in determining whether this requirement has been met.
(Source: P.A. 85-1209.)

(40 ILCS 5/20-116) (from Ch. 108 1/2, par. 20-116)

Sec. 20-116. Minimum qualifying age - Deferred payments. If the minimum qualifying age in any of the participating systems is lower than the minimum qualifying age in any other participating system which is to provide a proportional retirement annuity, or proportional survivor's annuity, payments by such other system shall be deferred until the employee or survivor has attained the minimum qualifying age prescribed for such system.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-117) (from Ch. 108 1/2, par. 20-117)

Sec. 20-117. Vesting of pension credit - Combined pension credit under all participating systems. If the vesting of pension credit in any participating system for a retirement annuity or survivor's annuity is based upon length of service, the combined service under all participating systems shall be considered in establishing such vesting of pension credit.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-118) (from Ch. 108 1/2, par. 20-118)

Sec. 20-118. Waiver of pension credits - Reinstatement. Any employee who shall have waived, by the acceptance of a refund, his pension credit in any participating system, may have his pension credit reinstated by repayment of the refund, including interest from the date of refund to the date of repayment, provided (1) the system is authorized by law to receive the repayment, and (2) the employee has completed at least 2 years of service under a participating system subsequent to the date of the last refund. Each system shall consider pension credits under all participating systems in determining whether the employee meets the service requirements under that system for repayment of a refund. The repayment of a refund under this section shall not be considered as an election to accept the provisions of the other sections of this Article.
(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-119) (from Ch. 108 1/2, par. 20-119)

Sec. 20-119. Concurrent employment. Any employee who is concurrently employed by employers under 2 or more participating systems is entitled to establish pension credit in accordance with the provisions of each system.

If the concurrent employment results in duplication of credits, each of the systems shall reduce the service credit for the period of concurrent employment to its full-time equivalent, using as a basis for this adjustment, the earnings credited for each employment. However, no such reduction in service credit shall be applied for the purpose of meeting the

one-year minimum service requirement in item (1) of Section 20-109, except as provided in Section 20-120.

Combined earnings credits shall be limited to the earnings credits which would have been established by full-time employment with the employer from which the employee was receiving the highest salary.

Seasonal employment covered by a retirement system during a period for which credit has been granted in another retirement system is concurrent employment within the meaning of this Section and no adjustment of the credits for seasonal employment is required, unless it results in a duplication of pension credits. If seasonal employment results in a duplication of credits, it shall be adjusted in accordance with Section 20-120.

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

(40 ILCS 5/20-120) (from Ch. 108 1/2, par. 20-120)

Sec. 20-120. Duplication of pension credits. In no event shall pension credit for the same service rendered by an employee be accredited in more than one participating system. If employment is covered by more than one participating system, pension credit shall be granted by that system which was first authorized to grant the credit, or if more than one participating system was authorized to grant credit at the same time, the employee shall elect, prior to retirement, the system under which credit shall be granted. The participating system under which pension credit is forfeited because of the application of this section, shall refund to the employee, the contributions for the period of service forfeited.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-121) (from Ch. 108 1/2, par. 20-121)

Sec. 20-121. Calculation of proportional retirement annuities.

(a) Upon retirement of the employee, a proportional retirement annuity shall be computed by each participating system in which pension credit has been established on the basis of pension credits under each system. The computation shall be in accordance with the formula or method prescribed by each participating system which is in effect at the date of the employee's latest withdrawal from service covered by any of the systems in which he has pension credits which he elects to have considered under this Article. However, the amount of any retirement annuity payable under the self-managed plan established under Section 15-158.2 of this Code or under the defined contribution plan established under Article 2, 14, 15, or 16 of this Code depends solely on the value of the participant's vested account balances and is not subject to any proportional adjustment under this Section.

(a-5) For persons who participate in a defined contribution plan established under Article 2, 14, 15, or 16 of this Code to whom the provisions of this Article apply, the pension credits established under the defined contribution plan may be considered in determining eligibility for or the amount of the defined benefit retirement annuity that is payable by any other participating system.

(b) Combined pension credit under all retirement systems subject to this Article shall be considered in determining whether the minimum qualification has been met and the formula

or method of computation which shall be applied, except as may be otherwise provided with respect to vesting in State or employer contributions in a defined contribution plan. If a system has a step-rate formula for calculation of the retirement annuity, pension credits covering previous service which have been established under another system shall be considered in determining which range or ranges of the step-rate formula are to be applicable to the employee.

(c) Interest on pension credit shall continue to accumulate in accordance with the provisions of the law governing the retirement system in which the same has been established during the time an employee is in the service of another employer, on the assumption such employee, for interest purposes for pension credit, is continuing in the service covered by such retirement system.

(Source: P.A. 98-599, eff. 6-1-14.)

(40 ILCS 5/20-123) (from Ch. 108 1/2, par. 20-123)

Sec. 20-123. Survivor's annuity. The provisions governing a retirement annuity shall be applicable to a survivor's annuity. Appropriate credits shall be established for survivor's annuity purposes in those participating systems which provide survivor's annuities, according to the same conditions and subject to the same limitations and restrictions herein prescribed for a retirement annuity. If a participating system has no survivor's annuity benefit, or if the survivor's annuity benefit under that system is waived, pension credit established in that system shall not be considered in determining eligibility for or the amount of the survivor's annuity which may be payable by any other participating system.

For persons who participate in the self-managed plan established under Section 15-158.2 or the portable benefit package established under Section 15-136.4, pension credit established under Article 15 may be considered in determining eligibility for or the amount of the survivor's annuity that is payable by any other participating system, but pension credit established in any other system shall not result in any right to a survivor's annuity under the Article 15 system.

For persons who participate in a defined contribution plan established under Article 2, 14, 15, or 16 of this Code to whom the provisions of this Article apply, the pension credits established under the defined contribution plan may be considered in determining eligibility for or the amount of the defined benefit survivor's annuity that is payable by any other participating system, but pension credits established in any other system shall not result in any right to or increase in the value of a survivor's annuity under the defined contribution plan, which depends solely on the options chosen and the value of the participant's vested account balances and is not subject to any proportional adjustment under this Section.

(Source: P.A. 98-599, eff. 6-1-14.)

(40 ILCS 5/20-124) (from Ch. 108 1/2, par. 20-124)

Sec. 20-124. Maximum benefits.

(a) In no event shall the combined retirement or survivors annuities exceed the highest annuity which would have been payable by any participating system in which the employee has

pension credits, if all of his pension credits had been validated in that system.

If the combined annuities should exceed the highest maximum as determined in accordance with this Section, the respective annuities shall be reduced proportionately according to the ratio which the amount of each proportional annuity bears to the aggregate of all such annuities.

(b) In the case of a participant in the self-managed plan established under Section 15-158.2 of this Code to whom the provisions of this Article apply:

(i) For purposes of calculating the combined retirement annuity and the proportionate reduction, if any, in a retirement annuity other than one payable under the self-managed plan, the amount of the Article 15 retirement annuity shall be deemed to be the highest annuity to which the annuitant would have been entitled if he or she had participated in the traditional benefit package as defined in Section 15-103.1 rather than the self-managed plan.

(ii) For purposes of calculating the combined survivor's annuity and the proportionate reduction, if any, in a survivor's annuity other than one payable under the self-managed plan, the amount of the Article 15 survivor's annuity shall be deemed to be the highest survivor's annuity to which the survivor would have been entitled if the deceased employee had participated in the traditional benefit package as defined in Section 15-103.1 rather than the self-managed plan.

(iii) Benefits payable under the self-managed plan are not subject to proportionate reduction under this Section.

(c) In the case of a participant in a defined contribution plan established under Article 2, 14, 15, or 16 of this Code to whom the provisions of this Article apply:

(i) For purposes of calculating the combined retirement annuity and the proportionate reduction, if any, in a defined benefit retirement annuity, any benefit payable under the defined contribution plan shall not be considered.

(ii) For purposes of calculating the combined survivor's annuity and the proportionate reduction, if any, in a defined benefit survivor's annuity, any benefit payable under the defined contribution plan shall not be considered.

(iii) Benefits payable under a defined contribution plan established under Article 2, 14, 15, or 16 of this Code are not subject to proportionate reduction under this Section.

(Source: P.A. 98-599, eff. 6-1-14.)

(40 ILCS 5/20-125) (from Ch. 108 1/2, par. 20-125)

Sec. 20-125. Return to employment - suspension of benefits. If a retired employee returns to employment which is covered by a system from which he is receiving a proportional annuity under this Article, his proportional annuity from all participating systems shall be suspended during the period of re-employment, except that this suspension does not apply to any distributions payable under the self-managed plan established under Section 15-158.2 or under a defined contribution plan established under Article 2, 14, 15, or 16

of this Code.

The provisions of the Article under which such employment would be covered shall govern the determination of whether the employee has returned to employment, and if applicable the exemption of temporary employment or employment not exceeding a specified duration or frequency, for all participating systems from which the retired employee is receiving a proportional annuity under this Article, notwithstanding any contrary provisions in the other Articles governing such systems.

(Source: P.A. 98-599, eff. 6-1-14.)

(40 ILCS 5/20-126) (from Ch. 108 1/2, par. 20-126)

Sec. 20-126. Responsibility of participating systems. Each participating system shall submit to the other participating systems, upon request, a report, properly certified, regarding the pension credits of each employee and any other pertinent information which may be necessary for proper administration of this Article.

(Source: P.A. 79-782.)

(40 ILCS 5/20-127) (from Ch. 108 1/2, par. 20-127)

Sec. 20-127. Responsibility of employee. It shall be the duty and responsibility of an employee having pension credit in any participating system to make available such information or any other required data relating thereto, to the participating systems in which he has pension credits, in order that the pension credit may be applied in the manner herein provided. A participating system shall be under no obligation or responsibility to initiate any inquiry or investigation for the purpose of establishing pension credit in the case of any employee, in the absence of a request from the employee, accompanied by sufficient facts bearing upon the credit.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-128) (from Ch. 108 1/2, par. 20-128)

Sec. 20-128. Payment of benefits. Two or more participating systems may agree to have the combined benefits paid by one of the systems, in which case, the system which pays the combined benefit shall receive from the other system, a lump sum payment equal to the actuarial equivalent of the proportional annuity determined in accordance with annuity tables which are acceptable to both systems.

(Source: P.A. 78-779.)

(40 ILCS 5/20-129) (from Ch. 108 1/2, par. 20-129)

Sec. 20-129. Retirement systems covered by article. This Article shall apply only to those retirement systems which have accepted it, as specified in the respective divisions or Articles of this Code governing such systems.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/20-130) (from Ch. 108 1/2, par. 20-130)

Sec. 20-130. Conflict between this Article and the Articles governing the participating systems. If any of the provisions of this Article are inconsistent with the provisions of the Article governing any participating system, the provisions shall, if possible, be interpreted so as to

give effect to the purpose of both Articles; however, if this is not possible, the provisions of the Article governing the participating system, with the exception of those covering suspension of benefits upon return to employment, shall control.

(Source: P.A. 79-782.)

(40 ILCS 5/20-131) (from Ch. 108 1/2, par. 20-131)

Sec. 20-131. Retirement Annuities and Survivors Annuities - Guarantees.

(a) This amendatory Act of 1975 (P.A. 79-782) shall not be applied to deprive any person or his survivor of eligibility for an annuity or to reduce the annuity or to deprive such person of rights to which he or his survivor would have been entitled under the provisions of Article 20 which were in effect immediately prior to September 5, 1975, if he was an employee immediately prior to that date.

(b) If the combined retirement annuity benefits provided under Public Act 79-782 are less than the combined retirement annuity benefits that would have been payable under the alternative formula of Section 20-122, the system under which retirement would have occurred, as provided by Section 20-122, shall increase the proportional retirement annuity by an amount equal to the difference.

(c) Subsection (b) of this Section does not apply to the retirement annuity benefits payable under the self-managed plan established under Section 15-158.2 of this Code.

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

(40 ILCS 5/20-132) (from Ch. 108 1/2, par. 20-132)

Sec. 20-132. Short title. This Article shall be known as the "Retirement Systems Reciprocal Act" and is a continuation of the "Retirement Systems Reciprocal Act", approved July 11, 1955, as amended.

(Source: Laws 1963, p. 161.)

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

Sec. 20-133. General provisions and savings clause. The provisions of Article 1 and Article 23 of this Code apply to this Article as though such provisions were fully set forth in this Article as a part thereof.

(Source: Laws 1963, p. 161.)