

EXHIBIT 8A

**ILLINOIS PENSION CODE
GROUP HEALTH BENEFIT PROVISIONS
AS IN EFFECT PRIOR TO
ENACTMENT OF P.A. 86-273**

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S.H.A. ch. 108 1/2 ¶ 5-167.5

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CHAPTER 108 1/2 . PENSIONS
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ARTICLE 5. POLICEMEN'S ANNUITY AND BENEFIT FUND--CITIES OVER 500,000

Pension Code § 5-167.5

5-167.5. Group health benefit

§ 5-167.5. Group health benefit. (a) For the purposes of this Section:

"Annuitant" means a person receiving an age and service annuity or a prior service annuity under this Article on or after January 1, 1983.

"Carrier" means an insurance company, or a corporation organized under the Nonprofit Hospital Service Plan Act, [FN1] the Medical Service Plan Act [FN2] or the Voluntary Health Services Plan Act, [FN3] which is authorized to do group health insurance business in Illinois.

(b) The Board shall contract with one or more carriers to provide group health insurance for all annuitants. Such group health insurance shall provide for protection against the financial costs of health care expenses incurred in and out of hospital including basic hospital-surgical-medical coverages and major medical coverage. The program may include such supplemental coverages as out-patient diagnostic X-ray and laboratory expenses, prescription drugs and similar group benefits.

The group health insurance program may also include:

- (1) prepaid preventive health care through health maintenance organizations;
- (2) coverage for those who rely on treatment by prayer or spiritual means alone for healing in accordance with the tenets and practice of a recognized religious denomination;
- (3) optional coverage for dependents of the annuitant;
- (4) other optional coverage, such as for dental, psychological, or optometric services.

(c) The group contract shall be on terms deemed by the Board to be in the best interest of the Fund and its annuitants, based on, but not limited to, such criteria as administrative cost factors, the service capabilities of the carrier, and the premiums charged.

The term of any contract made under authority of this Section may not extend beyond 2 fiscal years, with such renewal options, for not more than 2 one-year periods, as may be deemed by the Board to be most advantageous to and in the best interest of the Fund and its annuitants. No renewal may be exercised without the conclusion of a qualified independent actuary that any increase in premium requested by a carrier is justified on the basis of audited experience data, increases in the cost of health care services, carrier performance, or any combination thereof.

(d) The Board shall pay the premiums for such health insurance for each annuitant with funds provided as follows:

The basic monthly premium for each annuitant shall be contributed by the city from the tax levy prescribed in Section 5-168, up to a maximum of \$55 per month if the annuitant is not qualified to receive medicare benefits, or up to a maximum of \$21 per month if the annuitant is qualified to receive medicare benefits.

If the basic monthly premium exceeds the maximum amount to be contributed by the city on his behalf, such excess shall be deducted by the Board from the annuitant's monthly annuity, unless the annuitant elects to terminate his coverage under this Section, which he may do at any time. The full cost of any optional coverage elected by the annuitant shall be deducted from his monthly annuity.

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Laws 1963, p. 161, § 5-167.5, added by P.A. 82-1044, § 1, eff. Jan. 12, 1983.

[FN1] Chapter 32, ¶ 551 et seq.

[FN2] Chapter 32, ¶ 563 et seq.

[FN3] Chapter 32, ¶ 595 et seq.

REFERENCES

LIBRARY REFERENCES

1987 Main Volume Library References

States c=93,
C.J.S. States § 156.
Words and Phrases (Perm. Ed.)
S. H. A. ch. 108 1/2 ¶ 5-167.5
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S.H.A. ch. 108 1/2 ¶ 6-164.2

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ARTICLE 6. FIREMEN'S ANNUITY AND BENEFIT FUND--CITIES OVER 500,000

Pension Code § 6-164.2

6-164.2. Group health benefit

§ 6-164.2. Group health benefit. (a) For the purposes of this Section:

"Annuitant" means a person receiving an age and service annuity or a prior service annuity under this Article on or after January 1, 1983.

"Carrier" means an insurance company, or a corporation organized under the Nonprofit Hospital Service Plan Act, [FN1] the Medical Service Plan Act [FN2] or the Voluntary Health Services Plan Act, [FN3] which is authorized to do group health insurance business in Illinois.

(b) The Board shall contract with one or more carriers to provide group health insurance for all annuitants. Such group health insurance shall provide for protection against the financial costs of health care expenses incurred in and out of hospital including basic hospital-surgical-medical coverages and major medical coverage. The program may include such supplemental coverages as out-patient diagnostic X-ray and laboratory expenses, prescription drugs and similar group benefits.

The group health insurance program may also include:

- (1) prepaid preventive health care through health maintenance organizations;
 - (2) coverage for those who rely on treatment by prayer or spiritual means alone for healing in accordance with the tenets and practice of a recognized religious denomination;
 - (3) optional coverage for dependents of the annuitant;
 - (4) other optional coverage, such as for dental, psychological, or optometric services.
- (c) The group contract shall be on terms deemed by the Board to be in the best interest of the Fund and its annuitants, based on, but not limited to, such criteria as administrative cost factors, the service capabilities of the carrier, and the premiums charged.

The term of any contract made under authority of this Section may not extend beyond 2 fiscal years, with such renewal options, for not more than 2 one-year periods, as may be deemed by the Board to be most advantageous to and in the best interest of the Fund and its annuitants. No renewal may be exercised without the conclusion of a qualified independent actuary that any increase in premium requested by a carrier is justified on the basis of audited experience data, increases in the cost of health care services, carrier performance, or any combination thereof.

(d) The Board shall pay the premiums for such health insurance for each annuitant with funds provided as follows:

The basic monthly premium for each annuitant shall be contributed by the city from the tax levy prescribed in Section 6-165, up to a maximum of \$55 per month if the annuitant is not qualified to receive medicare benefits, or up to a maximum of \$21 per month if the annuitant is qualified to receive medicare benefits.

If the basic monthly premium exceeds the maximum amount to be contributed by the city on his behalf, such excess shall be deducted by the Board from the annuitant's monthly annuity, unless the annuitant elects to terminate his coverage under this Section, which he may do at any time. The full cost of any optional coverage elected by the annuitant shall be deducted from his monthly annuity.

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Laws 1963, p. 161, § 6-164.2, added by P.A. 82-1044, § 1, eff. Jan. 12, 1983.

[FN1] Chapter 32, ¶ 551 et seq.

[FN2] Chapter 32, ¶ 563 et seq.

[FN3] Chapter 32, ¶ 595 et seq.

REFERENCES

LIBRARY REFERENCES

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ARTICLE 8. MUNICIPAL EMPLOYEES', OFFICERS' AND OFFICIALS' ANNUITY AND
BENEFIT
FUND--CITIES OVER 500,000 INHABITANTS

Pension Code § 8-164.1

8-164.1. Group Health Care Plan

§ 8-164.1. Group Health Care Plan. Each employee annuitant in receipt of an annuity on the effective date of this Section and each employee who retires on annuity after the effective date of this Section, may participate in a group hospital care plan and a group medical and surgical plan approved by the Board if the employee annuitant is age 65 or over with at least 15 years of service. The Board, in conformity with its regulations, shall pay to the organization underwriting such plan the current monthly premiums up to the maximum amounts authorized in the following paragraph for such coverage.

As of the effective date the Board is authorized to make payments up to \$25 per month for employee annuitants age 65 years or over with at least 15 years of service.

If the monthly premium for such coverage exceeds the \$25 per month maximum authorization, the difference between the required monthly premiums for such coverage and such maximum may be deducted from the employee annuitant's annuity if the annuitant so elects; otherwise such coverage shall terminate.

Amounts contributed by the city as authorized under Section 8-189 for the benefits set forth in this Section shall be credited to the reserve for group hospital care and group medical and surgical plan benefits and all such premiums shall be charged to it.

The group hospital care plan and group medical and surgical plan established under this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

Laws 1963, p. 161, § 8-164.1, added by P.A. 84-23, § 1, eff. July 18, 1985.

REFERENCES

LIBRARY REFERENCES

1987 Main Volume Library References

Municipal Corporations ¶ 186(1), 187(2).
C.J.S. Municipal Corporations §§ 586, 588 et seq.

S. H. A. ch. 108 1/2 ¶ 8-164.1
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S.H.A. ch. 108 1/2 ¶ 11-160.1

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

Pension Code § 11-160.1

11-160.1. Group health care plan

§ 11-160.1. Group Health Care Plan. Each employee annuitant in receipt of an annuity on the effective date of this Section and each employee who retires on annuity after the effective date of this Section, may participate in a group hospital care plan and a group medical and surgical plan approved by the Board if the employee annuitant is age 65 or over with at least 15 years of service. The Board, in conformity with its regulations, shall pay to the organization underwriting such plan the current monthly premiums up to the maximum amounts authorized in the following paragraph for such coverage.

As of the effective date the Board is authorized to make payments up to \$25 per month for employee annuitants age 65 years or over with at least 15 years of service.

If the monthly premium for such coverage exceeds the \$25 per month maximum authorization, the difference between the required monthly premiums for such coverage and such maximum may be deducted from the employee annuitant's annuity if the annuitant so elects; otherwise such coverage shall terminate.

Amounts contributed by the city as authorized under Section 11-178 for the benefits set forth in this Section shall be credited to the reserve for group hospital care and group medical and surgical plan benefits and all such premiums shall be charged to it.

The group hospital care plan and group medical and surgical plan established under this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

Laws 1963, p. 161, § 11-160.1, added by P.A. 84-159, § 1, eff. Aug. 16, 1985.

S. H. A. ch. 108 1/2 ¶ 11-160.1
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EXHIBIT 8B

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**ILLINOIS PENSION CODE
GROUP HEALTH BENEFIT PROVISIONS
AS AMENDED BY P.A. 86-273
EFFECTIVE AUGUST 23, 1989**

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P.A. 82-342, in the second paragraph, in the first sentence, inserted "from January 1, 1976 to July 1, 1981, and \$250 per month"; and at the end of cl. (a), added "or who dies in the service after June 30, 1981".

Section 2 of P.A. 82-342 provided:

"The General Assembly finds that the changes made by this amendatory Act of 1981 relating to Articles 5 and 6 of the Illinois Pension Code accommodate a request from local governments or organizations thereof, and therefore reimbursement of local governments is not required of the State under the State Mandates Act, by reason of the exclusion specified in clause (1) of subsection (1) of Section 8 of that Act."

P.A. 84-1104, in the second paragraph, substituted "January 1, 1986, the minimum amount of widow's annuity shall be \$325 per month for the following classes of widows", for "July 1, 1975 the minimum amount of

widow's annuity shall be \$175 per month from July 1, 1975 to January 1, 1976 and \$200 per month from January 1, 1976 to July 1, 1985 and \$250 per month thereafter for all widows hereinafter described"; inserted "of 1985" preceding "(b)", inserted "and"; and in (b) substituted "and does" for "who does".

P.A. 86-273, in the first paragraph, substituted "\$200 per month, without regard to when the deceased policeman was in service" for "effective date of this amendatory Act of 1986" for "\$150 per month"; in the second paragraph, substituted "1990" for "1986", "\$400" for "\$325", "whether the deceased policeman was in service on" for "the fact that the death of the policeman occurred prior to" and "1989" for "1985".

P.A. 87-849 inserted the paragraph increasing the minimum amount of a widow's annuity effective Jan. 1, 1992.

Library References

- Municipal Corporations §187(7).
- WESTLAW Topic No. 268.
- C.J.S. Municipal Corporations §§ 588, 589.

5/5-167.5. Group health benefit

§ 5-167.5. Group health benefit. (a) For the purposes of this Section, "annuitant" means a person receiving an age and service annuity, a prior service annuity, a widow's annuity, a widow's prior service annuity, or a minimum annuity on or after January 1, 1988, under Article 5, 6, 8 or 11, by reason of previous employment by the City of Chicago (hereinafter, in this Section, "the city").

(b) The city shall continue to offer to annuitants and their dependents the same basic city health care plan available as of June 30, 1988 (hereinafter called the basic city plan), and may offer additional plans at its sole discretion.

(c) Effective the date the initial increased annuitant payments pursuant to subsection (g) take effect, the city shall pay 50% of the aggregated costs of the claims or premiums, whichever is applicable, of annuitants and their dependents under all health care plans offered by the city. The claims or premiums of all annuitants and their dependents under all of the plans offered by the city shall be aggregated for the purpose of calculating the city's payment required under this subsection, as well as for the setting of rates of payment for annuitants as required under subsection (g).

(d) From January 1, 1988 until December 31, 1992, the board shall pay to the city on behalf of each of the board's annuitants who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$65 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$35 per month for each such annuitant who is qualified to receive medicare benefits. From January 1, 1993 until December 31, 1997, the board shall pay to the city on behalf of each of the board's annuitants who chooses to participate in any of the city's plans the

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following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits.

For the period January 1, 1988 through the effective date of this amendatory Act of 1989, payments under this Section shall be reduced by the amounts paid by or on behalf of the board's annuitants covered during that period.

The payments described in this subsection shall be paid from the tax levy authorized under Section 5-168; 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.

(e) The city's obligations under subsections (b) and (c) shall terminate on December 31, 1997, except with regard to covered expenses incurred but not paid as of that date. This subsection shall not affect other obligations that may be imposed by law.

(f) The group coverage plans described in this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(g) The aggregate cost of claims and premiums for each calendar year from 1989 through 1997 of all annuitants and dependents covered by the city's group health care plans shall be estimated by the city, based upon a written determination by a qualified independent actuary to be appointed and paid by the city and the board. If such estimated cost is more than the estimated amount to be contributed by the city during that year plus the estimated amounts to be paid pursuant to subsection (d) and by the other pension boards on behalf of other participating annuitants, the difference shall be paid by all participating annuitants. The city, based upon the determination of the independent actuary, shall set the monthly amounts to be paid by the participating annuitants. The initial determination of such payments shall be prospective only and shall be based upon the estimated costs for the balance of the year. The board may deduct the amounts to be paid by its annuitants from the participating annuitants' monthly annuities.

If it is determined from the city's annual audit, or from audited experience data, that the total amount paid by all participating annuitants was more or less than the difference between (1) the cost of providing the group health care plans, and (2) the sum of the amount to be paid by the city under subsection (c) and the amounts paid by all the pension boards, then the independent actuary and the city shall account for the excess or shortfall in the next year's payments by annuitants.

(h) An annuitant may elect to terminate coverage in a plan at any time, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in subsection (g).

Laws 1963, p. 161, § 5-167.5, added by P.A. 82-1044, § 1, eff. Jan. 12, 1983. Amended by P.A. 86-273, § 1, eff. Aug. 23, 1989. Formerly Ill.Rev.Stat.1991, ch. 108 1/2, § 5-167.5.

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above 4% a year, to the extent necessary and available to finance the cost of such increases for the following year, shall be transferred each year beginning with the year 1969 to a fund account designated as the Supplementary Payment Reserve from the Interest and Investment Reserve set forth in Section 6-203.

If the money in the Supplementary Payment Reserve in any year arising from interest income above 4% a year as defined in this Section accruing in the preceding year; and the contributions by retired persons, are insufficient to make the total payments to all persons entitled to the annuity under this Section; and any investment earnings over 4% a year beginning with the year 1969 not previously used to finance such increases and 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. Such sums shall be transferred from the Prior Service Annuity Reserve. If the total money available in the Supplementary Payment Reserve from such 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 money available to the total of all the payments specified for that year shall be paid to each person for that year.

No part of any such increase under this Section is an obligation of the fund otherwise established under this Article 6.

Laws 1963, p. 161, § 6-164.1, added by P.A. 76-1163, § 1, eff. Aug. 29, 1969. Amended by P.A. 77-1496, § 1, eff. Sept. 8, 1971; P.A. 79-633, § 1, eff. Oct. 1, 1975; P.A. 82-971, § 1, eff. Sept. 8, 1982.
Formerly Ill.Rev.Stat.1991, ch. 108 1/2, ¶ 6-164.1.

Historical and Statutory Notes

P.A. 77-1496 substituted "2%" for "1 1/2%" in the first and second sentences of the first paragraph.

P.A. 79-633 substituted "The provisions of the preceding paragraph of this Section apply" for "This Section applies" at the beginning of the second paragraph, inserted the third and fourth paragraphs, and in the fifth paragraph, substituted "the increases indicated in the preceding part of this Section" for "such increases".

P.A. 82-971, in the third paragraph, made the following substitutions: "in July, 1982" for "on July 1, 1975"; "1976" for "1967"; and "\$400" for "\$350.00 a month thereafter"; in the fourth paragraph, inserted "minimum"; substituted "specified in the preceding paragraph" for "of \$350.00"; and following "6-128.1", inserted a comma.

For retroactive application of P.A. 82-971, see note following 40 ILCS 5/5-167.2.

5/6-164.2. Group health benefit

§ 6-164.2. Group health benefit. (a) For the purposes of this Section, "annuitant" means a person receiving an age and service annuity, a prior service annuity, a widow's annuity, a widow's prior service annuity, or a minimum annuity on or after January 1, 1988, under Article 5, 6, 8 or 11, by reason of previous employment by the City of Chicago (hereinafter, in this Section, "the city").

(b) The city shall continue to offer to annuitants and their dependents the same basic city health care plan available as of June 30, 1988 (hereinafter called the basic city plan), and may offer additional plans at its sole discretion.

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(c) Effective the date the initial increased annuitant payments pursuant to subsection (g) take effect, the city shall pay 50% of the aggregated costs of the claims or premiums, whichever is applicable, of annuitants and their dependents under all health care plans offered by the city. The claims or premiums of all annuitants and their dependents under all of the plans offered by the city shall be aggregated for the purpose of calculating the city's payment required under this subsection, as well as for the setting of rates of payment for annuitants as required under subsection (g).

(d) From January 1, 1988 until December 31, 1992, the board shall pay to the city on behalf of each of the board's annuitants who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$65 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$35 per month for each such annuitant who is qualified to receive medicare benefits. From January 1, 1993 until December 31, 1997, the board shall pay to the city on behalf of each of the board's annuitants who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits.

For the period January 1, 1988 through the effective date of this amendatory Act of 1989, payments under this Section shall be reduced by the amounts paid by or on behalf of the board's annuitants covered during that period.

The payments described in this subsection shall be paid from the tax levy authorized under Section 6-165; 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.

(e) The city's obligations under subsections (b) and (c) shall terminate on December 31, 1997, except with regard to covered expenses incurred but not paid as of that date. This subsection shall not affect other obligations that may be imposed by law.

(f) The group coverage plans described in this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(g) The aggregate cost of claims and premiums for each calendar year from 1989 through 1997 of all annuitants and dependents covered by the city's group health care plans shall be estimated by the city, based upon a written determination by a qualified independent actuary to be appointed and paid by the city and the board. If such estimated cost is more than the estimated amount to be contributed by the city during that year plus the estimated amounts to be paid pursuant to subsection (d) and by the other pension boards on behalf of other participating annuitants, the difference shall be paid by all participating annuitants. The city, based upon the determination of the independent actuary, shall set the monthly amounts to be paid by the participating annuitants. The initial determination of such payments shall be prospective only and shall be based upon the estimated costs for the balance

of the year. The board may deduct the amounts to be paid by its annuitants from the participating annuitants' monthly annuities.

If it is determined from the city's annual audit, or from audited experience data, that the total amount paid by all participating annuitants was more or less than the difference between (1) the cost of providing the group health care plans, and (2) the sum of the amount to be paid by the city under subsection (c) and the amounts paid by all the pension boards, then the independent actuary and the city shall account for the excess or shortfall in the next year's payments by annuitants.

(h) An annuitant may elect to terminate coverage in a plan at any time, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in subsection (g).

Laws 1963, p. 161, § 6-164.2, added by P.A. 82-1044, § 1, eff. Jan. 12, 1983. Amended by P.A. 86-273, § 1, eff. Aug. 23, 1989.

Formerly Ill.Rev.Stat.1991, ch. 108½, ¶ 6-164.2.

Historical and Statutory Notes

P.A. 86-273 rewrote this section which, prior thereto, provided:

"(a) For the purposes of this Section:

"'Annuitant' means a person receiving an age and service annuity or a prior service annuity under this Article on or after January 1, 1983.

"'Carrier' means an insurance company, or a corporation organized under the Nonprofit Hospital Service Plan Act, the Medical Service Plan Act or the Voluntary Health Services Plan Act, which is authorized to do group health insurance business in Illinois.

"(b) The Board shall contract with one or more carriers to provide group health insurance for all annuitants. Such group health insurance shall provide for protection against the financial costs of health care expenses incurred in and out of hospital including basic hospital-surgical-medical coverages and major medical coverage. The program may include such supplemental coverages as out-patient diagnostic X-ray and laboratory expenses, prescription drugs and similar group benefits.

"The group health insurance program may also include:

"(1) prepaid preventive health care through health maintenance organizations;

"(2) coverage for those who rely on treatment by prayer or spiritual means alone for healing in accordance with the tenets and practice of a recognized religious denomination;

"(3) optional coverage for dependents of the annuitant;

"(4) other optional coverage, such as for dental, psychological, or optometric services.

"(c) The group contract shall be on terms deemed by the Board to be in the best interest

of the Fund and its annuitants, based on, but not limited to, such criteria as administrative cost factors, the service capabilities of the carrier, and the premiums charged.

"The term of any contract made under authority of this Section may not extend beyond 2 fiscal years, with such renewal options, for not more than 2 one-year periods, as may be deemed by the Board to be most advantageous to and in the best interest of the Fund and its annuitants. No renewal may be exercised without the conclusion of a qualified independent actuary that any increase in premium requested by a carrier is justified on the basis of audited experience data, increases in the cost of health care services, carrier performance, or any combination thereof.

"(d) The Board shall pay the premiums for such health insurance for each annuitant with funds provided as follows:

"The basic monthly premium for each annuitant shall be contributed by the city from the tax levy prescribed in Section 6-165, up to a maximum of \$55 per month if the annuitant is not qualified to receive medicare benefits, or up to a maximum of \$21 per month if the annuitant is qualified to receive medicare benefits.

"If the basic monthly premium exceeds the maximum amount to be contributed by the city on his behalf, such excess shall be deducted by the Board from the annuitant's monthly annuity, unless the annuitant elects to terminate his coverage under this Section, which he may do at any time. The full cost of any optional coverage elected by the annuitant shall be deducted from his monthly annuity."

Library References

Municipal Corporations §§ 220(6), 220(9).
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations §§ 722, 727.

5/8-164.1. Group health benefit

§ 8-164.1. Group health benefit. (a) For the purposes of this Section, "annuitant" means a person receiving an age and service annuity, a prior service annuity, a widow's annuity, a widow's prior service annuity, or a minimum annuity on or after January 1, 1988, under Article 5, 6, 8 or 11, by reason of previous employment by the City of Chicago (hereinafter, in this Section, "the city").

(b) The city shall continue to offer to annuitants and their dependents the same basic city health care plan available as of June 30, 1988 (hereinafter called the basic city plan), and may offer additional plans at its sole discretion.

(c) Effective the date the initial increased annuitant payments pursuant to subsection (g) take effect, the city shall pay 50% of the aggregated costs of the claims or premiums, whichever is applicable, of annuitants and their dependents under all health care plans offered by the city. The claims or premiums of all annuitants and their dependents under all of the plans offered by the city shall be aggregated for the purpose of calculating the city's payment required under this subsection, as well as for the setting of rates of payment for annuitants as required under subsection (g).

(d) From January 1, 1988 until December 31, 1992, the board shall pay to the city on behalf of each of the board's annuitants who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$65 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$35 per month for each such annuitant who is qualified to receive medicare benefits. From January 1, 1993 until December 31, 1997, the board shall pay to the city on behalf of each of the board's annuitants who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits.

For the period January 1, 1988 through the effective date of this amendatory Act of 1989, payments under this Section shall be reduced by the amounts paid by or on behalf of the board's annuitants covered during that period.

Commencing on the effective date of this amendatory Act of 1989, the board is authorized to pay to the board of education on behalf of each person who chooses to participate in the board of education's plan the amounts specified in this subsection (d) during the years indicated. For the period January 1, 1988 through the effective date of this amendatory Act of 1989, the board shall pay to the board of education annuitants who participate in the board of education's health benefits plan for annuitants the following amounts: \$10 per month to each annuitant who is not qualified to receive medicare

benefits, and \$14 medicare benefits

The payments authorized under for group hospital payments to the it.

(e) The city's December 31, 1988 paid as of that date may be imposed

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(g) The aggregated 1989 through group health determination the city and the amount to be amounts to the boards on be paid by all participating of the independent prospective of the year. from the pa

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MUNICIPAL ANNUITY & BENEFIT FUND

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benefits, and \$14 per month to each annuitant who is qualified to receive medicare benefits.

The payments described in this subsection shall be paid from the tax levy authorized under Section 8-189; 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.

(e) The city's obligations under subsections (b) and (c) shall terminate on December 31, 1997, except with regard to covered expenses incurred but not paid as of that date. This subsection shall not affect other obligations that may be imposed by law.

(f) The group coverage plans described in this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(g) The aggregate cost of claims and premiums for each calendar year from 1989 through 1997 of all annuitants and dependents covered by the city's group health care plans shall be estimated by the city, based upon a written determination by a qualified independent actuary to be appointed and paid by the city and the board. If such estimated cost is more than the estimated amount to be contributed by the city during that year plus the estimated amounts to be paid pursuant to subsection (d) and by the other pension boards on behalf of other participating annuitants, the difference shall be paid by all participating annuitants. The city, based upon the determination of the independent actuary, shall set the monthly amounts to be paid by the participating annuitants. The initial determination of such payments shall be prospective only and shall be based upon the estimated costs for the balance of the year. The board may deduct the amounts to be paid by its annuitants from the participating annuitants' monthly annuities.

If it is determined from the city's annual audit, or from audited experience data, that the total amount paid by all participating annuitants was more or less than the difference between (1) the cost of providing the group health care plans, and (2) the sum of the amount to be paid by the city under subsection (c) and the amounts paid by all the pension boards, then the independent actuary and the city shall account for the excess or shortfall in the next year's payments by annuitants.

(h) An annuitant may elect to terminate coverage in a plan at any time, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in subsection (g).

Laws 1963, p. 161, § 8-164.1, added by P.A. 84-23, § 1, eff. July 18, 1985. Amended by P.A. 86-273, § 1, eff. Aug. 23, 1989.

Formerly Ill.Rev.Stat.1991, ch. 108 1/2, ¶ 8-164.1.

Historical and Statutory Notes

P.A. 86-273 rewrote the section which prior thereto, provided:

"Each employee annuitant in receipt of an annuity on the effective date of this Section and each employee who retires on annuity

after the effective date of this Section, may participate in a group hospital care plan and a group medical and surgical plan approved by the Board if the employee annuitant is age 65 or over with at least 15 years of service. The

Board, in conformity with its regulations, shall pay to the organization underwriting such plan the current monthly premiums up to the maximum amounts authorized in the following paragraph for such coverage.

"As of the effective date the Board is authorized to make payments up to \$25 per month for employee annuitants age 65 years or over with at least 15 years of service.

"If the monthly premium for such coverage exceeds the \$25 per month maximum authorization, the difference between the required monthly premiums for such coverage and such maximum may be deducted from the employee

annuitant's annuity if the annuitant so elects; otherwise such coverage shall terminate.

"Amounts contributed by the city as authorized under Section 8-189 for the benefits set forth in this Section shall be credited to the reserve for group hospital care and group medical and surgical plan benefits and all such premiums shall be charged to it.

"The group hospital care plan and group medical and surgical plan established under this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970."

Library References

Municipal Corporations §§ 186(1), 187(2).
WESTLAW Topic No. 268.

C.J.S. Municipal Corporations §§ 586, 588, 589.

5/8-165. Re-entry into service

§ 8-165. Re-entry into service. (a) When an employee receiving age and service or prior service annuity who has withdrawn from service after the effective date re-enters service before age 65, any annuity previously granted and any annuity fixed for his wife shall be cancelled. The employee shall be credited for annuity purposes with sums sufficient to provide annuities equal to those cancelled, as of their ages on the date of re-entry; provided, the maximum age of the wife for this purpose shall be as provided in Section 8-155 of this Article.

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

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

(b) 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.

Laws 1963, p. 161, § 8-165, eff. July 1, 1963. Amended by P.A. 81-1187, § 1, eff. Jan. 1, 1981; P.A. 81-1536, § 1, eff. Jan. 1, 1981.
Formerly Ill.Rev.Stat.1991, ch. 108 1/2, ¶ 8-165.

Historical and Statutory Notes

P.A. 81-1187 inserted "or on behalf of" in the second paragraph of subd. (a).

P.A. 81-1536 in the second sentence of the second paragraph of subd. (a), following "Contributions by", deleted "or on behalf of".

Prior Laws:

Laws 1921, p. 203, § 34.

Laws 1935, p. 303, § 34.

Laws 1935, p. 303, § 38 1/2, added by Laws 1949, p. 829, § 1.

EXHIBIT 8C

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**ILLINOIS PENSION CODE
GROUP HEALTH BENEFIT PROVISIONS
AS AMENDED BY P.A. 90-32
EFFECTIVE JUNE 27, 1997**

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) any interest earnings over 4% a year... Reserve, may be used to the extent... Payment Reserve from such sources... the money available to the total of the each person for that year.

increases in annuity as provided for in purpose are available. 7, § 87, eff. July 29, 1999.

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rect patent and technical errors, to revise references, to resolve multiple actions in the General Assembly and to make certain techni- tions in P.A. 90-567 through P.A. 90-810.

Beginning January 1, 1996, the person who is entitled to receive a... this amendatory Act of 1995. Beginning January 1, 1999, the person who is entitled to receive a... this amendatory Act of 1998. of widow's annuity shall be \$700 per... to whether the deceased policeman... amendatory Act of 1998: (1) the widow of a... of service credit, or who dies in service... who withdraws from service with 20 or... a refund, provided that the widow is... service.

therwise made by it under the other... tions as are necessary for the minimum... he manner prescribed in Section 5-175... -12, § 5, eff. April 20, 1995; P.A. 90-766, § 5,

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ic deceased policeman was in service on the... tive date of P.A. 86-273. Effective January 1, 1990, the minimum amount... idow's annuity shall be \$400 per month for the... wing classes of widows, without regard to... her the deceased policeman was in service on... effective date of P.A. 86-273: (a) the widow of... iceman who dies in the service, with at least 10... s of service credit at date of death in the... or who dies in the service after June 30,

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1981; and (b) the widow of a policeman who withdraws after 20 or more years of service and does not withdraw a refund, provided the widow is married to the policeman before he withdraws from the service.

Effective January 1, 1992, the minimum amount... of widow's annuity shall be \$500 per month for the following classes of widows, without regard to whether the deceased policeman is in service on or after the effective date of P.A. 87-849: (1) the widow of a policeman who dies in service with at least 10 years of service credit, or who dies in service after June 30, 1981; and (2) the widow of a policeman who withdraws from service with 20 or more years of service credit and does not withdraw a refund, provided that the widow is married to the policeman before he withdraws from service.

Effective January 1, 1993, the minimum amount of widow's annuity shall be \$600 per month for the following classes of widows, without regard to whether the deceased policeman is in service on or after the effective date of this amendatory Act of 1993: (1) the widow of a policeman who dies in service with at least 10 years of service credit, or who dies in service after June 30, 1981; and (2) the widow of a policeman who withdraws from service with 20 or more years of service credit and does not withdraw a refund, provided that the widow is married to the policeman before he withdraws from service.

inserted subsec. (a); and inserted subsection designations for the former fifth and sixth paragraphs. P.A. 90-766, in subsec. (a), added the second paragraph.

5/5-167.5. Group health benefit

§ 5-167.5. Group health benefit.

(a) For the purposes of this Section: (1) "annuitant" means a person receiving an age and service annuity, a prior service annuity, a widow's annuity, a widow's prior service annuity, or a minimum annuity, under Article 5, 6, 8 or 11, by reason of previous employment by the City of Chicago (hereinafter, in this Section, "the city"); (2) "Medicare Plan annuitant" means an annuitant described in item (1) who is eligible for Medicare benefits; and (3) "non-Medicare Plan annuitant" means an annuitant described in item (1) who is not eligible for Medicare benefits.

(b) The city shall offer group health benefits to annuitants and their eligible dependents through June 30, 2002. The basic city health care plan available as of June 30, 1988 (hereinafter called the basic city plan) shall cease to be a plan offered by the city, except as specified in subparagraphs (4) and (5) below, and shall be closed to new enrollment or transfer of coverage for any non-Medicare Plan annuitant as of the effective date of this amendatory Act of 1997. The city shall offer non-Medicare Plan annuitants and their eligible dependents the option of enrolling in its Annuitant Preferred Provider Plan and may offer additional plans for any annuitant. The city may amend, modify, or terminate any of its additional plans at its sole discretion. If the city offers more than one annuitant plan, the city shall allow annuitants to convert coverage from one city annuitant plan to another, except the basic city plan, during times designated by the city, which periods of time shall occur at least annually. For the period dating from the effective date of this amendatory Act of 1997 through June 30, 2002, monthly premium rates may be increased for annuitants during the time of their participation in non-Medicare plans, except as provided in subparagraphs (1) through (4) of this subsection.

(1) For non-Medicare Plan annuitants who retired prior to January 1, 1988, the annuitant's share of monthly premium for non-Medicare Plan coverage only shall not exceed the highest premium rate chargeable under any city non-Medicare Plan annuitant coverage as of December 1, 1996.

(2) For non-Medicare Plan annuitants who retire on or after January 1, 1988, the annuitant's share of monthly premium for non-Medicare Plan coverage only shall be the rate in effect on December 1, 1996, with monthly premium increases to take effect no sooner than April 1, 1998 at the lower of (i) the premium rate determined pursuant to subsection (g) or (ii) 10% of the immediately previous month's rate for similar coverage.

(3) In no event shall any non-Medicare Plan annuitant's share of monthly premium for non-Medicare Plan coverage exceed 10% of the annuitant's monthly annuity.

(4) Non-Medicare Plan annuitants who are enrolled in the basic city plan as of July 1, 1998 may remain in the basic city plan, if they so choose, on the condition that they are not entitled to the caps on rates set forth in subparagraphs (1) through (3), and their premium rate shall be the rate determined in accordance with subsections (c) and (g).

(5) Medicare Plan annuitants who are currently enrolled in the basic city plan for Medicare eligible annuitants may remain in that plan, if they so choose, through June 30, 2002. Annuitants shall not be allowed to enroll in or transfer into the basic city plan for Medicare eligible annuitants on or after July 1, 1999. The city shall continue to offer annuitants a supplemental Medicare Plan for Medicare eligible annuitants through June 30, 2002, and the city may offer additional plans to Medicare eligible annuitants in its sole discretion. All Medicare Plan annuitant monthly rates shall be determined in accordance with subsections (c) and (g).

(c) The city shall pay 50% of the aggregated costs of the claims or premiums, whichever is applicable, as determined in accordance with subsection (g), of annuitants and their dependents under all health care plans offered by the city. The city may reduce its obligation by application of price reductions obtained as a result of financial arrangements with providers or plan administrators.

(d) From January 1, 1999 until June 30, 2002, the board shall pay to the city on behalf of each of the board's annuitants who chooses to participate in any of the city's plans, the following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits.

The payments described in this subsection shall be paid from the tax levy authorized under Section 5-168; 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.

(e) The city's obligations under subsections (b) and (c) shall terminate on June 30, 2002, except with regard to covered expenses incurred but not paid as of that date. This subsection shall not affect other obligations that may be imposed by law.

(f) The group coverage plans described in this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(g) For each annuitant plan offered by the city, the aggregate cost of claims, as reflected in the claim records of the plan administrator, shall be estimated by the city, based upon a written determination by a qualified independent actuary to be appointed and paid by the city and the board. If the estimated annual cost for each annuitant plan offered by the city is more than the estimated amount to be contributed by the city for that plan pursuant to subsections (b) and (c) during that year plus the estimated amounts to be paid pursuant to subsection (d) and by the other pension boards on behalf of other participating annuitants, the difference shall be paid by all annuitants participating in the plan, except as provided in subsection (b). The city, based upon the determination of the independent actuary, shall set the monthly amounts to be paid by the participating annuitants. The board may deduct the amounts to be paid by its annuitants from the participating annuitants' monthly annuities.

If it is determined from the city's annual audit, or from audited experience data, that the total amount paid by all participating annuitants was more or less than the difference between (1) the cost of providing the group health care plans, and (2) the sum of the amount to be paid by the city as determined under subsection (c) and the amounts paid by all the pension boards, then the independent actuary and the city shall account for the excess or shortfall in the next year's payments by annuitants, except as provided in subsection (b).

(h) An annuitant may elect to terminate coverage in a plan at the end of any month, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in subsection (g).

(i) The city shall advise the board of all proposed premium increases for health care at least 75 days prior to the effective date of the change, and any increase shall be prospective only.

Amended by P.A. 90-32, § 5, eff. June 27, 1997.

Formerly Ill. Rev. Stat. 1991, ch. 108 ½, § 5-167.5.

140 ILCS 5/5-101 et seq., 5/6-101 et seq., 5/8-101 et seq. or 5/11-101 et seq.

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January of the year following the year he attains the age of 65, or in January, 1970, if he is then over age 65, his then fixed and payable monthly annuity increased by an amount equal to 2% of the original grant of annuity, for each year he received annuity payments after the year in which he attains age 65. An additional 2% increase in such fixed and payable original granted annuity shall accrue in each January thereafter.

However, beginning January 1, 1996, the increases payable under this subsection (a) to a fireman born before January 1, 1945 shall be at the rate of 3% of the originally granted annuity amount, notwithstanding that the fireman terminated service prior to the effective date of this amendatory Act of 1995.

(b) The provisions of subsection (a) of this Section apply only to a retired fireman eligible for such increases in his annuity if he contributed to the fund a sum equal to 1% of the final average monthly salary used in the computation of the annuity for each full year of credited service upon which his annuity was computed. All such sums contributed shall be placed in a Supplementary Payment Reserve and used for the purposes of such fund account.

(c) Beginning with the monthly annuity payment due in July, 1982, the monthly annuity payment for any fireman who retired from the service before September 1, 1976 at age 50 or over with 20 or more years of service or who was granted duty disability benefits prior to September 1, 1957 and entitled to an annuity or duty disability benefits on July 1, 1975 shall be not less than \$400.

(d) The difference in amount between the minimum monthly annuity specified in subsection (c) and the minimum monthly annuity to which the fireman was entitled before July 1, 1975, in accordance with the provisions of Section 6-128.1, shall be paid as a supplement in the manner set forth in subsection (e).

(e) To defray the annual cost of the increases indicated in the preceding part of this Section, the annual income accruing from investments held by this fund, above 4% a year, to the extent necessary and available to finance the cost of such increases for the following year, shall be transferred each year beginning with the year 1969 to a fund account designated as the Supplementary Payment Reserve from the Interest and Investment Reserve set forth in Section 6-203.

If the money in the Supplementary Payment Reserve in any year arising from interest income above 4% a year as defined in this Section accruing in the preceding year; and the contributions by retired persons are insufficient to make the total payments to all persons entitled to the annuity under this Section; and any investment earnings over 4% a year beginning with the year 1969 not previously used to finance such increases and 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. Such sums shall be transferred from the Prior Service Annuity Reserve. If the total money available in the Supplementary Payment Reserve from such 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 money available to the total of all the payments specified for that year shall be paid to each person for that year.

No part of any such increase under this Section is an obligation of the fund otherwise established under this Article 6.

Amended by P.A. 89-136, § 15, eff. July 14, 1995.

Formerly Ill.Rev.Stat.1991, ch. 108 1/2, § 6-164.1.

Historical and Statutory Notes

P.A. 89-136 inserted the section heading; designated the subsections; in subsec. (a), in the first paragraph, in the first sentence, inserted "on or"; added the second paragraph; in subsec. (b), in the first sentence, substituted "subsection (a)" for "the preceding paragraph"; and in subsec. (d), substituted "subsection (c)" for "the preceding paragraph" and "subsection (e)" for "the immediately following paragraph".

5/6-164.2. Group health benefit

§ 6-164.2. Group health benefit.

(a) For the purposes of this Section: (1) "annuitant" means a person receiving an age and service annuity, a prior service annuity, a widow's annuity, a widow's prior service annuity, or

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of 65, or in January, 1970, if he is
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in such fixed and payable original

able under this subsection (a) to a
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year arising from interest
the preceding year; and the
payments to all persons
vestment earnings over 4% a year
such increases and transferred to
extent necessary and available to
current year. Such sums shall be
if the total money available in the
re insufficient to make the total
the year, a proportionate amount
f all the payments specified for that

n obligation of the fund otherwise

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paragraph); and in subsec. (d), substitut-
ion (c)" for "the preceding paragraph"
tion (c)" for "the immediately following

means a person receiving an age and
a widow's prior service annuity, or

a minimum annuity, under Article 5, 6, 8 or 11, by reason of previous employment by the
City of Chicago (hereinafter, in this Section, "the city"); (2) "Medicare Plan annuitant" means
an annuitant described in item (1) who is eligible for Medicare benefits; and (3) "non-
Medicare Plan annuitant" means an annuitant described in item (1) who is not eligible for
Medicare benefits.

(b) The city shall offer group health benefits to annuitants and their eligible dependents
through June 30, 2002. The basic city health care plan available as of June 30, 1988
(hereinafter called the basic city plan) shall cease to be a plan offered by the city, except as
specified in subparagraphs (4) and (5) below, and shall be closed to new enrollment or
transfer of coverage for any non-Medicare Plan annuitant as of the effective date of this
amendatory Act of 1997. The city shall offer non-Medicare Plan annuitants and their eligible
dependents the option of enrolling in its Annuitant Preferred Provider Plan and may offer
additional plans for any annuitant. The city may amend, modify, or terminate any of its
additional plans at its sole discretion. If the city offers more than one annuitant plan, the city
shall allow annuitants to convert coverage from one city annuitant plan to another, except the
basic city plan, during times designated by the city, which periods of time shall occur at least
annually. For the period dating from the effective date of this amendatory Act of 1997
through June 30, 2002, monthly premium rates may be increased for annuitants during the
time of their participation in non-Medicare plans, except as provided in subparagraphs (1)
through (4) of this subsection.

(1) For non-Medicare Plan annuitants who retired prior to January 1, 1988, the annuitant's
share of monthly premium for non-Medicare Plan coverage only shall not exceed the
highest premium rate chargeable under any city non-Medicare Plan annuitant coverage as
of December 1, 1996.

(2) For non-Medicare Plan annuitants who retire on or after January 1, 1988, the
annuitant's share of monthly premium for non-Medicare Plan coverage only shall be the
rate in effect on December 1, 1996, with monthly premium increases to take effect no
sooner than April 1, 1998 at the lower of (i) the premium rate determined pursuant to
subsection (g) or (ii) 10% of the immediately previous month's rate for similar coverage.

(3) In no event shall any non-Medicare Plan annuitant's share of monthly premium for
non-Medicare Plan coverage exceed 10% of the annuitant's monthly annuity.

(4) Non-Medicare Plan annuitants who are enrolled in the basic city plan as of July 1,
1998 may remain in the basic city plan, if they so choose, on the condition that they are not
entitled to the caps on rates set forth in subparagraphs (1) through (3), and their premium
rate shall be the rate determined in accordance with subsections (c) and (g).

(5) Medicare Plan annuitants who are currently enrolled in the basic city plan for
Medicare eligible annuitants may remain in that plan, if they so choose, through June 30,
2002. Annuitants shall not be allowed to enroll in or transfer into the basic city plan for
Medicare eligible annuitants on or after July 1, 1999. The city shall continue to offer
annuitants a supplemental Medicare Plan for Medicare eligible annuitants through June 30,
2002, and the city may offer additional plans to Medicare eligible annuitants in its sole
discretion. All Medicare Plan annuitant monthly rates shall be determined in accordance
with subsections (c) and (g).

(c) The city shall pay 50% of the aggregated costs of the claims or premiums, whichever is
applicable, as determined in accordance with subsection (g), of annuitants and their depen-
dents under all health care plans offered by the city. The city may reduce its obligation by
application of price reductions obtained as a result of financial arrangements with providers
or plan administrators.

(d) From January 1, 1993 until June 30, 2002, the board shall pay to the city on behalf of
each of the board's annuitants who chooses to participate in any of the city's plans the
following amounts: up to a maximum of \$75 per month for each such annuitant who is not
qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such
annuitant who is qualified to receive medicare benefits.

The payments described in this subsection shall be paid from the tax levy authorized under
Section 6-165; 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.

(e) The city's obligations under subsections (b) and (c) shall terminate on June 30, 2002, except with regard to covered expenses incurred but not paid as of that date. This subsection shall not affect other obligations that may be imposed by law.

(f) The group coverage plans described in this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(g) For each annuitant plan offered by the city, the aggregate cost of claims, as reflected in the claim records of the plan administrator, shall be estimated by the city, based upon a written determination by a qualified independent actuary to be appointed and paid by the city and the board. If the estimated annual cost for each annuitant plan offered by the city is more than the estimated amount to be contributed by the city for that plan pursuant to subsections (b) and (c) during that year plus the estimated amounts to be paid pursuant to subsection (d) and by the other pension boards on behalf of other participating annuitants, the difference shall be paid by all annuitants participating in the plan, except as provided in subsection (b). The city, based upon the determination of the independent actuary, shall set the monthly amounts to be paid by the participating annuitants. The board may deduct the amounts to be paid by its annuitants from the participating annuitants' monthly annuities.

If it is determined from the city's annual audit, or from audited experience data, that the total amount paid by all participating annuitants was more or less than the difference between (1) the cost of providing the group health care plans, and (2) the sum of the amount to be paid by the city as determined under subsection (c) and the amounts paid by all the pension boards, then the independent actuary and the city shall account for the excess or shortfall in the next year's payments by annuitants, except as provided in subsection (b).

(h) An annuitant may elect to terminate coverage in a plan at the end of any month, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in subsection (g).

(i) The city shall advise the board of all proposed premium increases for health care at least 75 days prior to the effective date of the change, and any increase shall be prospective only.

Amended by P.A. 90-32, § 5, eff. June 27, 1997.
Formerly IL Rev. Stat. 1991, ch. 108, § 6-164.2.

40 ILCS 5/6-101 et seq., 5/6-101 et seq., 5/8-101 et seq. or 5/11-101 et seq.

Historical and Statutory Notes

P.A. 90-32 rewrote this section, which prior thereto read:

"Group health benefit: (a) For the purposes of this Section, 'annuitant' means a person receiving an age and service annuity, a prior service annuity, a widow's annuity, a widow's prior service annuity, or a minimum annuity on or after January 1, 1988, under Article 5, 6, 8 or 11, by reason of previous employment by the City of Chicago (hereinafter, in this Section, 'the city')."

(b) The city shall continue to offer to annuitants and their dependents the same basic city health care plan available as of June 30, 1988 (hereinafter called the basic city plan), and may offer additional plans at its sole discretion.

(c) Effective the date the initial increased annuitant payments pursuant to subsection (g) take effect, the city shall pay 50% of the aggregated costs of the claims or premiums, whichever is applicable, of annuitants and their dependents under all health care plans offered by the city. The claims or premiums of all annuitants and their dependents under all of the plans offered by the city shall be aggregated for the purpose of calculating the city's payment required under this subsection, as well as

for the setting of rates of payment for annuitants as required under subsection (g).

(d) From January 1, 1988 until December 31, 1992, the board shall pay to the city on behalf of each of the board's annuitants who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$65 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$35 per month for each such annuitant who is qualified to receive medicare benefits. From January 1, 1993 until December 31, 1997, the board shall pay to the city on behalf of each of the board's annuitants who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits.

"For the period January 1, 1988 through the effective date of this amendatory Act of 1989, payments under this Section shall be reduced by the amounts paid by or on behalf of the board's annuitants covered during that period."

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§ 6-16

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c) shall terminate on June 30, 2002, paid as of that date. This subsection law.

are not and shall not be construed to section 5 of Article XIII of the Illinois

gregate cost of claims, as reflected in estimated by the city, based upon a to be appointed and paid by the city annuitant plan offered by the city is the city for that plan pursuant to ted amounts to be paid pursuant to of other participating annuitants, the in the plan, except as provided in of the independent actuary, shall set annuitants. The board may deduct the rating annuitants' monthly annuities. om audited experience data, that the s more or less than the difference plans, and (2) the sum of the amount (c) and the amounts paid by all the city shall account for the excess or cept as provided in subsection (b).

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ing of rates of payment for annuitants as under subsection (g).

om January 1, 1988 until December 31, board shall pay to the city on behalf of the board's annuitants who chooses to be in any of the city's plans the following up to a maximum of \$65 per month for a annuitant who is not qualified to receive benefits, and up to a maximum of \$35 per r each such annuitant who is qualified to medicare benefits. From January 1, 1993 umber 31, 1997, the board shall pay to the half of each of the board's annuitants who o participate in any of the city's plans the amounts: up to a maximum of \$75 per r each such annuitant who is not qualified r medicare benefits, and up to a maximum r month for each such annuitant who is to receive medicare benefits.

the period January 1, 1988 through the date of this amendatory Act of 1989, under this Section shall be reduced by the paid by or on behalf of the board's annu- ured during that period.

The payments described in this subsection shall be paid from the tax levy authorized under Section 6-165; 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.

(e) The city's obligations under subsections (b) and (c) shall terminate on December 31, 1997, except with regard to covered expenses incurred but not paid as of that date. This subsection shall not affect other obligations that may be imposed by law.

(f) The group coverage plans described in this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(g) The aggregate cost of claims and premiums for each calendar year from 1989 through 1997 of all annuitants and dependents covered by the city's group health care plans shall be estimated by the city, based upon a written determination by a qualified independent actuary to be appointed and paid by the city and the board. If such estimated cost is more than the estimated amount to be contributed by the city during that year plus the estimated

amounts to be paid pursuant to subsection (d) and by the other pension boards on behalf of other participating annuitants, the difference shall be paid by all participating annuitants. The city, based upon the determination of the independent actuary, shall set the monthly amounts to be paid by the participating annuitants. The initial determination of such payments shall be prospective only and shall be based upon the estimated costs for the balance of the year. The board may deduct the amounts to be paid by its annuitants from the participating annuitants' monthly annuities.

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(h) An annuitant may elect to terminate coverage in a plan at any time, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in subsection (g).

Notes of Decisions

Construction with other law 1

1. Construction with other law. City did not engage in "any kind of insurance or surety business" so as to entitle attorney for class of annuitant intervenors to award of fees under Illinois Insurance Code where Pension Code requiring

city to contribute specified amount for annuitants' health care coverage focused upon governmental purpose and plainly did not place the city in the insurance business as contemplated by the Insurance Code. City of Chicago v. Korshak, App. 1 Dist. 1995, 213 Ill. Dec. 144, 276 Ill. App. 3d 597, 658 N.E.2d 1165, rehearing denied, appeal denied 217 Ill. Dec. 663, 167 Ill. 2d 551, 667 N.E.2d 1056.

5/6-165. Financing; tax

5-6-165. Financing; tax.

(a) Except as expressly provided in this Section, each city shall levy a tax annually upon all taxable property therein for the purpose of providing revenue for the fund. For the years prior to the year 1960, the tax rate shall be as provided for in the "Firemen's Annuity and Benefit Fund of the Illinois Municipal Code". The tax, from and after January 1, 1968 to and including the year 1971, shall not exceed .0868% of the value, as equalized or assessed by the Department of Revenue, of all taxable property in the city. Beginning with the year 1972 and each year thereafter 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 2.23 through the calendar year 1981, and by 2.26 for the year 1982 and for each year thereafter.

To provide revenue for the ordinary death benefit established by Section 6-150 of this Article, in addition to the contributions by the firemen for this purpose, the city council shall for the year 1962 and each year thereafter annually levy a tax, which shall be in addition to and exclusive of the taxes authorized to be levied under the foregoing provisions of this Section, upon all taxable property in the city, as equalized or assessed by the Department of Revenue, at such rate per cent of the value of such property as shall be sufficient to produce for each year the sum of \$142,000.

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PENSIONS

at the rate of 1% throughout his
rest on such amounts at the effective

90-855, § 48, eff. July 30, 1998.

Statutory Notes

1983 (increasing the maximum from \$400 to \$500 a
month) shall be effective as of January 1, 1984 and
apply in the case of every qualifying widow whose
husband dies in the service on or after January 1,
1984 or withdraws and enters on annuity on or after
January 1, 1984.

P.A. 90-655, the First 1998 General Revisory
Act, amended various Acts to delete obsolete text,
to correct patent and technical errors, to revise
cross references, to resolve multiple actions in the
9th and 90th General Assemblies and to make
certain technical corrections in P.A. 89-708 through
P.A. 90-566.

is payable monthly after the death of an
attainment of age 18, under the following
if he attained age 65, and before he withdrew

in the performance of an act of duty;
or in an injury incurred in the performance
of an act of duty after the date of his original
entry into service or his latest re-entry;

in service after age 55 (or after age 50
if he entered service after June 27, 1997) and who has

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Statutory Notes

P.A. 90-796 incorporated the amendment by P.A.
90-31.

on the effective date of this amendatory
act, \$220 per month for each child while the
employee is in service and \$250 per month for each child when no
longer in service, subject to the following limitations:

(1) For the family of an employee whose death
occurs in the performance of an act of duty, or for the children
of an employee whose death occurs in the performance of an act of
duty, the annuity for each child shall not exceed such
limitation.

PENSIONS

(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.

(3) 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.

(4) The amendments to parts (1) and (2) of this Section made by Public Act 84-1472
(eliminating the further limitation that the monthly combined family amount shall not exceed
\$500 plus 10% of the employee's final monthly salary) shall apply in the case of every
qualifying child whose employee parent dies in the service or enters on annuity on or after
January 23, 1987.

Amended by P.A. 90-32, § 5, eff. June 27, 1997; P.A. 90-511, § 2, eff. Aug. 22, 1997.

Formerly Ill.Rev.Stat.1991, ch. 108 1/2, 18-159.

Historical and Statutory Notes

The amendments by P.A. 90-32 and P.A. 90-511,
which were identical, in the introductory paragraph,
substituted "on the effective date of this amendatory
Act of 1997" for "January 1, 1988", "\$220" for
"\$120", and "\$250" for "\$150"; in subpar. (3), in
the first sentence, substituted "1997" for "1987"
and "the effective date of this amendatory Act of

1997" for "January 1, 1988, subject to"; in the
second sentence, deleted "above" preceding "limi-
tations" and added "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".

5/8-160. Duty disability benefit—Child's disability benefit

Cross References

Early retirement incentive, see 40 ILCS 5/8-
188.1.

5/8-161. Ordinary disability benefit

Cross References

Early retirement incentive, see 40 ILCS 5/8-
188.1.

5/8-164.1. Group health benefit

§ 8-164.1. Group health benefit.

(a) For the purposes of this Section: (1) "annuitant" means a person receiving an age and
service annuity, a prior service annuity, a widow's annuity, a widow's prior service annuity, or
a minimum annuity, under Article 5, 6, 8 or 11, by reason of previous employment by the
City of Chicago (hereinafter, in this Section, "the city"); (2) "Medicare Plan annuitant" means
an annuitant described in item (1) who is eligible for Medicare benefits; and (3) "non-
Medicare Plan annuitant" means an annuitant described in item (1) who is not eligible for
Medicare benefits.

(b) The city shall offer group health benefits to annuitants and their eligible dependents
through June 30, 2002. The basic city health care plan available as of June 30, 1988
(hereinafter called the basic city plan) shall cease to be a plan offered by the city, except as
specified in subparagraphs (4) and (5) below, and shall be closed to new enrollment or
transfer of coverage for any non-Medicare Plan annuitant as of the effective date of this
amendatory Act of 1997. The city shall offer non-Medicare Plan annuitants and their eligible
dependents the option of enrolling in its Annuitant Preferred Provider Plan and may offer
additional plans for any annuitant. The city may amend, modify, or terminate any of its
additional plans at its sole discretion. If the city offers more than one annuitant plan, the city
shall allow annuitants to convert coverage from one city annuitant plan to another, except the

basic city plan, during times designated by the city, which periods of time shall occur at least annually. For the period dating from the effective date of this amendatory Act of 1997 through June 30, 2002, monthly premium rates may be increased for annuitants during the time of their participation in non-Medicare plans, except as provided in subparagraphs (1) through (4) of this subsection.

(1) For non-Medicare Plan annuitants who retired prior to January 1, 1988, the annuitant's share of monthly premium for non-Medicare Plan coverage only shall not exceed the highest premium rate chargeable under any city non-Medicare Plan annuitant coverage as of December 1, 1996.

(2) For non-Medicare Plan annuitants who retire on or after January 1, 1988, the annuitant's share of monthly premium for non-Medicare Plan coverage only shall be the rate in effect on December 1, 1996, with monthly premium increases to take effect no sooner than April 1, 1998 at the lower of (i) the premium rate determined pursuant to subsection (g) or (ii) 10% of the immediately previous month's rate for similar coverage.

(3) In no event shall any non-Medicare Plan annuitant's share of monthly premium for non-Medicare Plan coverage exceed 10% of the annuitant's monthly annuity.

(4) Non-Medicare Plan annuitants who are enrolled in the basic city plan as of July 1, 1998 may remain in the basic city plan, if they so choose, on the condition that they are not entitled to the caps on rates set forth in subparagraphs (1) through (3), and their premium rates shall be the rate determined in accordance with subsections (c) and (g).

(5) Medicare Plan annuitants who are currently enrolled in the basic city plan for Medicare eligible annuitants may remain in that plan, if they so choose, through June 30, 2002. Annuitants shall not be allowed to enroll in or transfer into the basic city plan for Medicare eligible annuitants on or after July 1, 1999. The city shall continue to offer annuitants a supplemental Medicare Plan for Medicare eligible annuitants through June 30, 2002, and the city may offer additional plans to Medicare eligible annuitants in its sole discretion. All Medicare Plan annuitant monthly rates shall be determined in accordance with subsections (c) and (g).

(c) The city shall pay 50% of the aggregated costs of the claims or premiums, whichever is applicable, as determined in accordance with subsection (g), of annuitants and their dependents under all health care plans offered by the city. The city may reduce its obligation by application of price reductions obtained as a result of financial arrangements with providers or plan administrators.

(d) From January 1, 1993 until June 30, 2002, the board shall pay to the city on behalf of each of the board's annuitants who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits.

Commencing on the effective date of this amendatory Act of 1989, the board is authorized to pay to the board of education on behalf of each person who chooses to participate in the board of education's plan the amounts specified in this subsection (d) during the years indicated. For the period January 1, 1988 through the effective date of this amendatory Act of 1989, the board shall pay to the board of education annuitants who participate in the board of education's health benefits plan for annuitants the following amounts: \$10 per month to each annuitant who is not qualified to receive medicare benefits; and \$14 per month to each annuitant who is qualified to receive medicare benefits.

The payments described in this subsection shall be paid from the tax levy authorized under Section 8-189; 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.

(e) The city's obligations under subsections (b) and (c) shall terminate on June 30, 2002, except with regard to covered expenses incurred but not paid as of that date. This subsection shall not affect other obligations that may be imposed by law.

(f) The group coverage plans described in this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

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prior to January 1, 1988, the annuitant coverage only shall not exceed the Medicare Plan annuitant coverage as

on or after January 1, 1988, the Plan coverage only shall be the premium increases to take effect, no premium rate determined pursuant to a month's rate for similar coverage, annuitant's share of monthly premium for annuitant's monthly annuity.

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enrolled in the basic city plan for health care if they so choose, through June 30, 1992, transfer into the basic city plan for health care. The city shall continue to offer health care to eligible annuitants through June 30, 1992, to eligible annuitants in its sole discretion shall be determined in accordance

with the amount of premiums, whichever is greater, for annuitants and their dependents. The city shall reduce its obligation by the amount of arrangements with providers to pay to the city on behalf of annuitants in any of the city's plans the amount for each such annuitant who is not qualified for \$45 per month for each such

Act of 1989, the board is authorized to pay to the board of education on behalf of each person who chooses to participate in the board of education's plan the amounts specified in this subsection (d) during the years indicated. For the period January 1, 1988 through the effective date of this amendatory Act of 1989, the board shall pay to the board of education annuitants who participate in the board of education's health benefits plan for annuitants the following amounts: \$10 per month to each annuitant who is not qualified to receive medicare benefits, and \$14 per month to each annuitant who is qualified to receive medicare benefits.

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shall terminate on June 30, 2002, and shall be amended as of that date. This subsection shall be amended as of that date.

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(g) For each annuitant plan offered by the city, the aggregate cost of claims, as reflected in the claim records of the plan administrator, shall be estimated by the city, based upon a written determination by a qualified independent actuary to be appointed and paid by the city and the board. If the estimated annual cost for each annuitant plan offered by the city is more than the estimated amount to be contributed by the city for that plan pursuant to subsections (b) and (c) during that year plus the estimated amounts to be paid pursuant to subsection (d) and by the other pension boards on behalf of other participating annuitants, the difference shall be paid by all annuitants participating in the plan, except as provided in subsection (b). The city, based upon the determination of the independent actuary, shall set the monthly amounts to be paid by the participating annuitants. The board may deduct the amounts to be paid by its annuitants from the participating annuitants' monthly annuities.

If it is determined from the city's annual audit, or from audited experience data, that the total amount paid by all participating annuitants was more or less than the difference between (1) the cost of providing the group health care plans, and (2) the sum of the amount to be paid by the city as determined under subsection (c) and the amounts paid by all the pension boards, then the independent actuary and the city shall account for the excess or shortfall in the next year's payments by annuitants, except as provided in subsection (b).

(h) An annuitant may elect to terminate coverage in a plan at the end of any month, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in subsection (g).

(i) The city shall advise the board of all proposed premium increases for health care at least 75 days prior to the effective date of the change, and any increase shall be prospective only.

Amended by P.A. 90-32, § 5, eff. June 27, 1997.

Formerly Ill.Rev.Stat.1991, ch. 108, § 18-164.1.

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(b) The city shall continue to offer to annuitants and their dependents the same basic city health care plan available as of June 30, 1988 (hereinafter called the basic city plan), and may offer additional plans at its sole discretion.

(c) Effective the date the initial increased annuitant payments pursuant to subsection (g) take effect, the city shall pay 50% of the aggregated costs of the claims or premiums, whichever is applicable, of annuitants and their dependents under all health care plans offered by the city. The claims or premiums of all annuitants and their dependents under all of the plans offered by the city shall be aggregated for the purpose of calculating the city's payment required under this subsection, as well as for the setting of rates of payment for annuitants as required under subsection (g).

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(f) The group coverage plans described in this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(g) The aggregate cost of claims and premiums for each calendar year from 1989 through 1997 of all annuitants and dependents covered by the city's group health care plans shall be estimated by the city, based upon a written determination by a qualified independent actuary to be appointed and paid by the city and the board. If such estimated cost is more than the estimated amount to be contributed by the city during that year plus the estimated

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5/8-165. Re-entry into service

Cross References

Early retirement incentive, see 40 ILCS 5/8-188.1.

5/8-173. Financing; tax levy

5/8-173. 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 a 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, but which when extended will produce an amount not to exceed the greater of the following: (a) the sum obtained by the levy of a tax of 1.093% of the value, as equalized or assessed by the Department of Revenue, of all taxable property within such city, or (b) the sum of \$12,000,000. However any city in which a Fund has been established and in operation under this Article for more than 3 years prior to 1970 shall levy for the year 1970 a tax at a rate on the dollar of assessed valuation of all taxable property that will produce, when extended, an amount not to exceed 1.2 times the total amount of contributions made by employees to the Fund for annuity purposes in the calendar year 1968, and, for the year 1971 and 1972 such levy that will produce, when extended, an amount not to exceed 1.3 times the total amount of contributions made by employees to the Fund for annuity purposes in the calendar years 1969 and 1970, respectively; and for the year 1973 an amount not to

LOCAL 1164

11TH SECTION of Level 1 printed in FULL format.

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*** THIS SECTION IS CURRENT THROUGH PUBLIC ACT 91-712 ***
 *** ANNOTATIONS CURRENT THROUGH 721 N.E.2d 1118 ***

CHAPTER 40. PENSIONS
 ILLINOIS PENSION CODE

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

40 ILCS 5/11-160.1 (2000)

[Prior to 1/1/93 cited as: Ill. Rev. Stat., Ch. 108 1/2, para. 11-160.1]

40 ILCS 5/11-160.1. Group health benefit

Sec. 11-160.1. Group health benefit. (a) For the purposes of this Section:
 (1) "annuitant" means a person receiving an age and service annuity, a prior
 service annuity, a widow's annuity, a widow's prior service annuity, or a
 minimum annuity, under Article 5, 6, 8 or 11, by reason of previous employment
 with the City of Chicago (hereinafter, in this Section, "the city"); (2) "Medicare
 Plan annuitant" means an annuitant described in item (1) who is eligible for
 Medicare benefits; and (3) "non-Medicare Plan annuitant" means an annuitant
 described in item (1) who is not eligible for Medicare benefits.

(b) The city shall offer group health benefits to annuitants and their
 eligible dependents through June 30, 2002. The basic city health care plan
 in effect as of June 30, 1988 (hereinafter called the basic city plan) shall
 continue to be a plan offered by the city, except as specified in subparagraphs (4)
 and (5) below, and shall be closed to new enrollment or transfer of coverage for
 Medicare Plan annuitants as of the effective date of this amendatory Act
 and for non-Medicare Plan annuitants and their eligible dependents.
 The city shall offer non-Medicare Plan annuitants and their eligible
 dependents the option of enrolling in its Annuitant Preferred Provider Plan and
 other additional plans for any annuitant. The city may amend, modify, or
 terminate any of its additional plans at its sole discretion. If the city offers
 more than one annuitant plan, the city shall allow annuitants to convert
 coverage from one city annuitant plan to another, except the basic city plan,
 during times designated by the city, which periods of time shall occur at least
 annually. For the period dating from the effective date of this amendatory Act
 1997 through June 30, 2002, monthly premium rates may be increased for
 annuitants during the time of their participation in non-Medicare plans, except
 as provided in subparagraphs (1) through (4) of this subsection.

(1) For non-Medicare Plan annuitants who retired prior to January 1, 1988,
 the annuitant's share of monthly premium for non-Medicare Plan coverage only
 shall not exceed the highest premium rate chargeable under any city non-Medicare
 annuitant coverage as of December 1, 1996.

(2) For non-Medicare Plan annuitants who retire on or after January 1, 1988,
 the annuitant's share of monthly premium for non-Medicare Plan coverage only
 shall be the rate in effect on December 1, 1996, with monthly premium increases
 take effect no sooner than April 1, 1998 at the lower of (i) the premium

be determined pursuant to subsection (g) or (ii) 10% of the immediately previous month's rate for similar coverage.

In no event shall any non-Medicare Plan annuitant's share of monthly premium for non-Medicare Plan coverage exceed 10% of the annuitant's monthly annuity.

(4) Non-Medicare Plan annuitants who are enrolled in the basic city plan as of July 1, 1998, may remain in the basic city plan, if they so choose, on the condition that they are not entitled to the caps on rates set forth in paragraphs (1) through (3), and their premium rate shall be the rate determined in accordance with subsections (c) and (g).

(5) Medicare Plan annuitants who are currently enrolled in the basic city plan for Medicare eligible annuitants may remain in that plan, if they so choose, through June 30, 2002. Annuitants shall not be allowed to enroll in or transfer into the basic city plan for Medicare eligible annuitants on or after July 1, 1999. The city shall continue to offer annuitants a supplemental Medicare Plan for Medicare eligible annuitants through June 30, 2002, and the city may offer additional plans to Medicare eligible annuitants in its sole discretion. All Medicare Plan annuitant monthly rates shall be determined in accordance with subsections (c) and (g).

(c) The city shall pay 50% of the aggregated costs of the claims or premiums, whichever is applicable, as determined in accordance with subsection (g), of annuitants and their dependents under all health care plans offered by the city. The city may reduce its obligation by application of price reductions obtained as a result of financial arrangements with providers or plan administrators.

From January 1, 1993 until June 30, 2002, the board shall pay to the city 50% of each of the board's annuitants who chooses to participate in any of the city's health care plans the following amounts: up to a maximum of \$75 per month for each annuitant who is not qualified to receive Medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive Medicare benefits.

The payments described in this subsection shall be paid from the tax levy authorized under Section 11-178, [40 ILCS 5/11-178]; such amounts shall be credited to the reserve for group hospital care and group medical and surgical insurance benefits, and all payments to the city required under this subsection shall be charged against it.

(e) The city's obligations under subsections (b) and (c) shall terminate on June 30, 2002, except with regard to covered expenses incurred but not paid as of that date. This subsection shall not affect other obligations that may be imposed by law.

(f) The group coverage plans described in this Section are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(g) For each annuitant plan offered by the city, the aggregate cost of claims, as reflected in the claim records of the plan administrator, shall be determined by the city, based upon a written determination by a qualified independent actuary to be appointed and paid by the city and the board. If the

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estimated annual cost for each annuitant plan offered by the city is more than the estimated amount to be contributed by the city for that plan pursuant to subsections (b) and (c) during that year plus the estimated amounts to be paid pursuant to subsection (d) and by the other pension boards on behalf of other participating annuitants, the difference shall be paid by all annuitants participating in the plan, except as provided in subsection (b). The city, based upon the determination of the independent actuary, shall set the monthly amounts to be paid by the participating annuitants. The board may deduct the amounts to be paid by its annuitants from the participating annuitants' monthly annuities.

If it is determined from the city's annual audit, or from audited experience data, that the total amount paid by all participating annuitants was more or less than the difference between (1) the cost of providing the group health care plans, and (2) the sum of the amount to be paid by the city as determined under subsection (c) and the amounts paid by all the pension boards, then the independent actuary and the city shall account for the excess or shortfall in the next year's payments by annuitants, except as provided in subsection (b).

(h) An annuitant may elect to terminate coverage in a plan at the end of any month, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in subsection (g).

(i) The city shall advise the board of all proposed premium increases for health care at least 75 days prior to the effective date of the change, and any increase shall be prospective only.

STORY:
Supp. P.A. 86-273; 90-32, @ 5.

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Section was Ill.Rev.Stat., Ch. 108 1/2, para. 11-160.1.

AMENDMENTS.

amendment by P.A. 90-32, effective June 27, 1997, added the following: (a) (1) designation; in subdivision (a) (1) deleted "on or after January 1, 1988" preceding "under Article 5"; added subdivisions (a) (2) and (3); rewrote subsections (b) and (c); in subsection (d), in the first paragraph, deleted the former first sentence regarding payments from January 1, 1988 until December 31, 1992 and substituted "June 30, 2002" for "December 31, 1997" and deleted the former second paragraph which read "For the period January 1, 1988 through the effective date of this amendatory Act of 1989, payments under this Section shall be reduced by the amounts paid by or on behalf of the annuitant's annuitants covered during that period"; in subsection (e) substituted "June 30, 2002" for "December 31, 1997"; rewrote subsection (g); in subsection (h) substituted "the end of any month" for "any time"; and added subsection (i).

SEE NOTES

NOT BY NOT INSURER

The Illinois Pension Code, which specifically provides that a city must contribute a specified amount for an annuitant's health care coverage, focuses on a governmental purpose and plainly does not place the city in the insurance business as contemplated by the Code. City of Chicago v. Korshack, 276 Ill. App. 597, 213 Ill. Dec. 144, 658 N.E.2d 1165 (1 Dist. 1995), appeal denied, 167

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**ILLINOIS PENSION CODE
GROUP HEALTH BENEFIT PROVISIONS
AS AMENDED BY P.A. 93-42
EFFECTIVE JULY 1, 2003**

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5/11-160.1. 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) From July 1, 2008 through June 30, 2013, \$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.

Laws 1963, p. 161, § 11-160.1, added by P.A. 84-159, § 1, eff. Aug. 16, 1985. Amended by P.A. 86-273, § 1, eff. Aug. 23, 1989; P.A. 90-32, § 5, eff. June 27, 1997; P.A. 92-599, § 10, eff. June 28, 2002; P.A. 93-12, § 5, eff. July 1, 2003.
Formerly Ill. Rev. Stat. 1991, ch. 108, § 11-160.1.

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5-5-167.5. Payments to city annuitants.

(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) From July 1, 2008 through June 30, 2013, \$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 5-168; 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.

Laws 1963, p. 161, § 5-167.5, added by P.A. 82-1044, § 1, eff. Jan. 12, 1983. Amended by P.A. 86-273, § 1, eff. Aug. 23, 1989; P.A. 90-82, § 5, eff. June 27, 1997; P.A. 92-599, § 10, eff. June 28, 2002; P.A. 93-42, § 5, eff. July 1, 2003.

Formerly Ill. Rev. Stat. 1991, ch. 108 1/2, § 5-167.5.

5/6-164.2. Payments to city

§ 6-164.2. 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) From July 1, 2008 through June 30, 2013, \$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 6-165; 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.

Laws 1963, p. 161, § 6-164.2, added by P.A. 82-1044, § 1, eff. Jan. 12, 1988. Amended by P.A. 86-273, § 1, eff. Aug. 23, 1989; P.A. 90-32, § 5, eff. June 27, 1997; P.A. 92-599, § 10, eff. June 28, 2002; P.A. 93-42, § 5, eff. July 1, 2003.
Formerly Ill. Rev. Stat. 1991, ch. 108 1/2, § 6-164.2.

5/8-164.1. Payments to city

§ 8-164.1. 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) From July 1, 2008, through June 30, 2013, \$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 8-173, 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.

Laws 1963, p. 161, § 8-164.1, added by P.A. 84-23, § 1, eff. July 18, 1985; Amended by P.A. 86-273, § 1, eff. Aug. 23, 1989; P.A. 90-32, § 5, eff. June 27, 1997; P.A. 92-599, § 10, eff. June 28, 2002; P.A. 93-42, § 5, eff. July 1, 2003.
Formerly Ill. Rev. Stat. 1991, ch. 108 2/18-164.1.

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40 ILCS 5/5-167.5) (from Ch. 108 1/2, par. 5-167.5)

Sec. 5-167.5. 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 5-168; 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 5/6-164.2) (from Ch. 108 1/2, par. 6-164.2)

Sec. 6-164.2. 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 6-165; 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 5/8-164.1) (from Ch. 108 1/2, par. 8-164.1)

Sec. 8-164.1. 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 8-173; 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 5/11-160.1) (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.)