

FILED

MAY 12 2014 CTR-4

**IN THE CIRCUIT COURT FOR THE SEVENTH JUDICIAL CIRCUIT
SANGAMON COUNTY ILLINOIS**

Anthony P. DeLuca Clerk of the
Circuit Court

IN RE: PENSION REFORM LITIGATION	)	No. 2014 MR 1
	)	Honorable John W. Belz
DORIS HEATON, <i>et al.</i> , Plaintiffs,)	
v.	)	Originally Filed as
PAT QUINN, Governor of Illinois, <i>et al.</i> , Defendants.	)	Cook County Case No. 2013 CH 28406
RETIRED STATE EMPLOYEES ASS'N, <i>et al.</i> , Plaintiffs,)	
v.	)	Originally Filed as
PATRICK QUINN, Governor of Illinois, <i>et al.</i> , Defendants.	)	Sangamon County Case No. 2014 MR 1
ILLINOIS STATE EMPLOYEES ASS'N, <i>et al.</i> , Plaintiffs,)	
v.	)	Originally Filed as
BOARD OF TRUSTEES OF STATE EMPLOYEES RETIREMENT SYSTEM OF ILLINOIS, <i>et al.</i> , Defendants.	)	Sangamon County Case No. 2014 CH 3
GWENDOLYN A. HARRISON, <i>et al.</i> , Plaintiffs,)	
v.	)	Originally Filed as
PATRICK QUINN, Governor of Illinois, <i>et al.</i> , Defendants.	)	Sangamon County Case No. 2014 CH 48
STATE UNIVERSITIES ANNUITANTS ASS'N, <i>et al.</i> , Plaintiffs,)	
v.	)	Originally Filed as
STATE UNIVERSITIES RETIREMENT SYSTEM, <i>et al.</i> , Defendants.	)	Champaign County Case No. 2014 MR 207

AGREED INTERIM ORDER CONCERNING IMPLEMENTATION OF PA 98-599

Plaintiffs have asserted legal claims challenging the constitutionality of Public Act 98-599 (the "Act"). The effective date of the Act is June 1, 2014, and some of its provisions take effect on July 1, 2014. Counsel for the plaintiffs and defendants have met and conferred concerning the implementation of the Act during the pendency of this litigation and have agreed to entry by the Court of the following interim relief concerning the defendant retirement systems (TRS, SURS, SERS, and GARS) (the "Systems"):

1. Any Tier 1 member of any of the Systems who (a) is currently employed and contributing to the System (an “active member”), (b) is eligible to retire before July 1, 2014 and immediately receive a retirement annuity, and (c) retires before July 1, 2015, shall be exempt from application of subsections 2-119.1(a-2), 14-114(a-2), 15-136(d-2), 16-133.1(a-2), and 16-136.1(b-2) of the Pension Code, added by the Act, even if they are ultimately upheld (i.e., declared constitutional, with all avenues of direct appeal exhausted). This paragraph shall not apply to any person covered by paragraph 2 below.

2. For any active Tier 1 member of SURS or TRS who (a) is eligible to retire before July 1, 2014 and to receive a money-purchase annuity, a refund of the member’s excess contributions, or both (pursuant to Rule 2 of subsection 15-136(a), subsection 15-154(e), and subsection 16-133(a)(A) of the Pension Code, as applicable), and (b) retires before July 1, 2015, the System shall calculate and begin paying that member’s money-purchase annuity, refund of excess contributions, or both, as applicable, as if the member retired on June 30, 2014. This calculation, however, is subject to subparagraph (a) or (b) below, whichever applies, after the constitutionality of the changes made by the Act to Sections 15-125 and 16-133(a)(A) of the Pension Code (the “Effective Rate Changes”) is ultimately determined.

(a) If the Effective Rate Changes are ultimately upheld, (i) this calculation shall be definitive, (ii) the System shall refund to the member any contributions to the System made by or on behalf of the member for services after June 30, 2014, with interest, as provided below in paragraph 5, and (iii) subsections 15-136(d-2), 16-133.1(a-2), and 16-136.1(b-2) of the Pension Code, added by the Act, shall not apply to the member even if they are ultimately upheld.

(b) If the Effective Rate Changes are ultimately declared invalid, (i) the System shall recalculate the member’s annuity and excess contribution refund, as applicable, as of the date of the member’s actual retirement, (ii) the System shall promptly pay any past deficiency in payments of the member’s annuity, excess contribution refund, or both, as applicable, with interest, as provided below in paragraph 5, and, (iii) subsections 15-136(d-2), 16-133.1(a-2), and 16-136.1(b-2) of the Pension Code, added by the Act, shall apply to the member if they are ultimately upheld.

(c) In no event shall the member’s beginning retirement annuity under this paragraph 2 be less than if the member retired before June 1, 2014.

3. Except as provided by paragraphs 1 and 2 above, the Systems shall calculate and pay annuities for all Tier 1 members as provided under the Pension Code as amended by the Act; however, the Systems shall also calculate and account for the annuity amounts due under the law in effect before the effective date of the Act and, to the extent any provision of the Act affecting a member's annuity is ultimately declared invalid, shall distribute to the member the difference resulting from that declaration of invalidity, with interest, as provided below in paragraph 5.

4. For all active Tier 1 members of the Systems, the Systems shall continue to collect and account for employee contributions as provided under the law in effect before the effective date of the Act. However, the Systems shall calculate and account for the amount of the difference between those contributions and the employee contributions provided for under the Act and, to the extent the provisions of the Act reducing the amount of those contributions are ultimately declared valid, shall distribute that difference to each affected member or as directed by the member to the extent necessary as a result of a final court order, with interest, as provided below in paragraph 5.

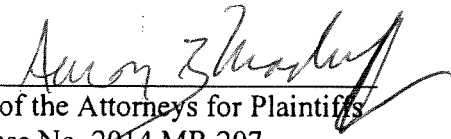
5. Once the validity of the Act has been ultimately resolved, any distributions by the Systems pursuant to paragraphs 1, 2, 3, and 4 above shall be made as soon as reasonably practicable after entry of the final judgment requiring the distribution, and, for each member, in no event more than 180 days after the System receives any relevant information from the member's employer necessary to calculate the distribution. All such distributions shall include simple interest at the daily rate applicable to monies held in the State Treasurer's Investment Fund (the Money Market Fund) in effect on the last business day of the last month ending at least 20 days before the distribution. The Systems accept the jurisdiction of this Court to enforce their distribution obligations set forth in this Order.

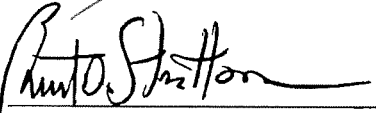
6. Neither this Order nor the parties' agreement to it shall operate or be construed to prevent any plaintiff or plaintiffs from seeking any other temporary, preliminary or permanent injunctive relief.

Date: _____

Entered: _____

Agreed:

By: 
One of the Attorneys for Plaintiffs
in Case No. 2014 MR 207

By: 
One of the Attorneys for Defendants