AN ACT in relation to public employee benefits.

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

Section 5. The Illinois Pension Code is amended by changing Sections 15-136, 15-136.3, 15-145, 15-155, and 15-165 and adding Section 15-137.1 as follows:

(40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

Sec. 15-136. Retirement annuities - Amount. The provisions of this Section 15-136 apply only to those participants who are participating in the traditional benefit package or the portable benefit package and do not apply to participants who are participating in the self-managed plan.

(a) The amount of a participant's retirement annuity, expressed in the form of a single-life annuity, shall be determined by whichever of the following rules is applicable and provides the largest annuity:

Rule 1: The retirement annuity shall be 1.67% of final rate of earnings for each of the first 10 years of service, 1.90% for each of the next 10 years of service, 2.10% for each year of service in excess of 20 but not exceeding 30, and 2.30% for each year in excess of 30; or for persons who retire on or after January 1, 1998, 2.2% of the final rate of earnings for each year of service.

Rule 2: The retirement annuity shall be the sum of the following, determined from amounts credited to the participant in accordance with the actuarial tables and the prescribed rate of interest in effect at the time the retirement annuity begins:

(i) the normal annuity which can be provided on an actuarially equivalent basis, by the accumulated normal contributions as of the date the annuity begins; and

(ii) an annuity from employer contributions of an amount equal to that which can be provided on an actuarially equivalent basis from the accumulated normal contributions made by the participant under Section 15-113.6 and Section 15-113.7 plus 1.4 times all other accumulated normal contributions made by the participant.

With respect to a police officer or firefighter who retires on or after August 14, 1998, the accumulated normal contributions taken into account under clauses (i) and (ii) of this Rule 2 shall include the additional normal contributions made by the police officer or firefighter under Section 15-157(a).

The amount of a retirement annuity calculated under this Rule 2 shall be computed solely on the basis of the participant's accumulated normal contributions, as specified in this Rule and defined in Section 15-116. Neither an employee or employer contribution for early retirement under Section 15-136.2 nor any other employer contribution shall be used in the calculation of the amount of a retirement annuity under this Rule 2.

This amendatory Act of the 91st General Assembly is a clarification of existing law and applies to every participant and annuitant without regard to whether status as an employee terminates before the effective date of this amendatory Act.

Rule 3: The retirement annuity of a participant who is employed at least one-half time during the period on which his or her final rate of earnings is based, shall be equal to the participant's years of service not to exceed 30, multiplied by (1) $96 if the participant's final rate of earnings is less than $3,500, (2) $108 if the final rate of earnings is at least $3,500 but less than $4,500, (3) $120 if the final rate of earnings is at least $4,500 but less than $5,500, (4) $132 if the final rate of earnings is at least

$5,500 but less than $6,500, (5) $144 if the final rate of earnings is at least $6,500 but less than $7,500, (6) $156 if the final rate of earnings is at least $7,500 but less than $8,500, (7) $168 if the final rate of earnings is at least $8,500 but less than $9,500, and (8) $180 if the final rate of earnings is $9,500 or more, except that the annuity for those persons having made an election under Section 15-154(a-1) shall be calculated and payable under the portable retirement benefit program pursuant to the provisions of Section 15-136.4.

Rule 4: A participant who is at least age 50 and has 25 or more years of service as a police officer or firefighter, and a participant who is age 55 or over and has at least 20 but less than 25 years of service as a police officer or firefighter, shall be entitled to a retirement annuity of 2 1/4% of the final rate of earnings for each of the first 10 years of service as a police officer or firefighter, 2 1/2% for each of the next 10 years of service as a police officer or firefighter, and 2 3/4% for each year of service as a police officer or firefighter in excess of 20. The retirement annuity for all other service shall be computed under Rule 1.

For purposes of this Rule 4, a participant's service as a firefighter shall also include the following:

(i) service that is performed while the person is an employee under subsection (h) of Section 15-107; and

(ii) in the case of an individual who was a participating employee employed in the fire department of the University of Illinois's Champaign-Urbana campus immediately prior to the elimination of that fire department and who immediately after the elimination of that fire department transferred to another job with the University of Illinois, service performed as an employee of the University of Illinois in a position other than police officer or firefighter, from the date of that transfer until the employee's next termination of service with the University of Illinois.

Rule 5: The retirement annuity of a participant who elected early retirement under the provisions of Section 15-136.2 and who, on or before February 16, 1995, brought administrative proceedings pursuant to the administrative rules adopted by the System to challenge the calculation of his or her retirement annuity shall be the sum of the following, determined from amounts credited to the participant in accordance with the actuarial tables and the prescribed rate of interest in effect at the time the retirement annuity begins:

(i) the normal annuity which can be provided on an actuarially equivalent basis, by the accumulated normal contributions as of the date the annuity begins; and

(ii) an annuity from employer contributions of an amount equal to that which can be provided on an actuarially equivalent basis from the accumulated normal contributions made by the participant under Section 15-113.6 and Section 15-113.7 plus 1.4 times all other accumulated normal contributions made by the participant; and

(iii) an annuity which can be provided on an actuarially equivalent basis from the employee contribution for early retirement under Section 15-136.2, and an annuity from employer contributions of an amount equal to that which can be provided on an actuarially equivalent basis from the employee contribution for early retirement under Section 15-136.2.

In no event shall a retirement annuity under this Rule 5 be lower than the amount obtained by adding (1) the monthly amount obtained by dividing the combined employee and employer contributions made under Section 15-136.2 by the

System's annuity factor for the age of the participant at the beginning of the annuity payment period and (2) the amount equal to the participant's annuity if calculated under Rule 1, reduced under Section 15-136(b) as if no contributions had been made under Section 15-136.2.

With respect to a participant who is qualified for a retirement annuity under this Rule 5 whose retirement annuity began before the effective date of this amendatory Act of the 91st General Assembly, and for whom an employee contribution was made under Section 15-136.2, the System shall recalculate the retirement annuity under this Rule 5 and shall pay any additional amounts due in the manner provided in Section 15-186.1 for benefits mistakenly set too low.

The amount of a retirement annuity calculated under this Rule 5 shall be computed solely on the basis of those contributions specifically set forth in this Rule 5. Except as provided in clause (iii) of this Rule 5, neither an employee nor employer contribution for early retirement under Section 15-136.2, nor any other employer contribution, shall be used in the calculation of the amount of a retirement annuity under this Rule 5.

The General Assembly has adopted the changes set forth in Section 25 of this amendatory Act of the 91st General Assembly in recognition that the decision of the Appellate Court for the Fourth District in Mattis v. State Universities Retirement System et al. might be deemed to give some right to the plaintiff in that case. The changes made by Section 25 of this amendatory Act of the 91st General Assembly are a legislative implementation of the decision of the Appellate Court for the Fourth District in Mattis v. State Universities Retirement System et al. with respect to that plaintiff.

The changes made by Section 25 of this amendatory Act of the 91st General Assembly apply without regard to whether the person is in service as an employee on or after its effective date.

(b) The retirement annuity provided under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each month the participant is under age 60 at the time of retirement. However, this reduction shall not apply in the following cases:

(1) For a disabled participant whose disability benefits have been discontinued because he or she has exhausted eligibility for disability benefits under clause (6) of Section 15-152;

(2) For a participant who has at least the number of years of service required to retire at any age under subsection (a) of Section 15-135; or

(3) For that portion of a retirement annuity which has been provided on account of service of the participant during periods when he or she performed the duties of a police officer or firefighter, if these duties were performed for at least 5 years immediately preceding the date the retirement annuity is to begin.

(c) The maximum retirement annuity provided under Rules 1, 2, 4, and 5 shall be the lesser of (1) the annual limit of benefits as specified in Section 415 of the Internal Revenue Code of 1986, as such Section may be amended from time to time and as such benefit limits shall be adjusted by the Commissioner of Internal Revenue, and (2) 80% of final rate of earnings.

(d) An annuitant whose status as an employee terminates after August 14, 1969 shall receive automatic increases in his or her retirement annuity as follows:

Effective January 1 immediately following the date the retirement annuity begins, the annuitant shall receive an increase in his or her monthly retirement annuity of 0.125% of the monthly retirement annuity provided under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5, contained in this Section, multiplied by the number of full months which elapsed from the date the retirement annuity payments began to January 1, 1972, plus 0.1667% of such annuity, multiplied by the number of full months which elapsed from January 1, 1972, or the date the retirement annuity payments began, whichever is later, to January 1, 1978, plus 0.25% of such annuity multiplied by the number of full months which elapsed from January 1, 1978, or the date the retirement annuity payments began, whichever is later, to the effective date of the increase.

The annuitant shall receive an increase in his or her monthly retirement annuity on each January 1 thereafter during the annuitant's life of 3% of the monthly annuity provided under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in this Section. The change made under this subsection by P.A. 81-970 is effective January 1, 1980 and applies to each annuitant whose status as an employee terminates before or after that date.

Beginning January 1, 1990, all automatic annual increases payable under this Section shall be calculated as a percentage of the total annuity payable at the time of the increase, including all increases previously granted under this Article.

The change made in this subsection by P.A. 85-1008 is effective January 26, 1988, and is applicable without regard to whether status as an employee terminated before that date.

(e) If, on January 1, 1987, or the date the retirement annuity payment period begins, whichever is later, the sum of the retirement annuity provided under Rule 1 or Rule 2 of this Section and the automatic annual increases provided under the preceding subsection or Section 15-136.1, amounts to less than the retirement annuity which would be provided by Rule 3, the retirement annuity shall be increased as of January 1, 1987, or the date the retirement annuity payment period begins, whichever is later, to the amount which would be provided by Rule 3 of this Section. Such increased amount shall be considered as the retirement annuity in determining benefits provided under other Sections of this Article. This paragraph applies without regard to whether status as an employee terminated before the effective date of this amendatory Act of 1987, provided that the annuitant was employed at least one-half time during the period on which the final rate of earnings was based.

(f) A participant is entitled to such additional annuity as may be provided on an actuarially equivalent basis, by any accumulated additional contributions to his or her credit. However, the additional contributions made by the participant toward the automatic increases in annuity provided under this Section shall not be taken into account in determining the amount of such additional annuity.

(g) If, (1) by law, a function of a governmental unit, as defined by Section 20-107 of this Code, is transferred in whole or in part to an employer, and (2) a participant transfers employment from such governmental unit to such employer within 6 months after the transfer of the function, and (3) the sum of (A) the annuity payable to the participant under Rule 1, 2, or 3 of this Section (B) all proportional annuities payable to the participant by all other retirement systems covered by Article 20, and (C) the initial primary insurance amount to which the participant is entitled under the Social Security Act, is less than the retirement annuity which would have been payable if all of the participant's pension credits validated under Section 20-109 had been validated under this system, a supplemental annuity equal to the difference in such amounts shall be payable to the participant.

(h) On January 1, 1981, an annuitant who was receiving a retirement annuity on or before January 1, 1971 shall have his or her retirement annuity then being paid increased $1 per month for each year of creditable service. On January 1, 1982, an annuitant whose retirement annuity began on or before January 1, 1977, shall have his or her retirement annuity then being paid increased $1 per month for each year of creditable service.

(i) On January 1, 1987, any annuitant whose retirement annuity began on or before January 1, 1977, shall have the monthly retirement annuity increased by an amount equal to 8¢ per year of creditable service times the number of years that have elapsed since the annuity began.

(j) On July 1, 2003, every annuitant who began receiving a retirement annuity before January 1, 1980 shall have the monthly retirement annuity increased by whichever of the following percentages is applicable:

5% if the annuity began in 1979;
10% if the annuity began in 1978;
14% if the annuity began in 1977;
14% if the annuity began in 1976;
18% if the annuity began in 1975;
23% if the annuity began in 1974;
32% if the annuity began in 1973 or before.

The increase under this subsection shall be calculated as a percentage of the amount of the retirement annuity payable on June 30, 2003, including any increases previously received under this Article, and shall be included in the calculation of increases granted thereafter under subsection (d).

(Source: P.A. 91-887 (Sections 20 and 25), eff. 7-6-00; 92-16, eff. 6-28-01.)

(40 ILCS 5/15-136.3)

Sec. 15-136.3. Minimum retirement annuity.

(a) Beginning January 1, 1997, any person who is receiving a monthly retirement annuity under this Article which, after inclusion of (1) all one-time and automatic annual increases to which the person is entitled, (2) any supplemental annuity payable under Section 15-136.1, and (3) any amount deducted under Section 15-138 or 15-140 to provide a reversionary annuity, is less than the minimum monthly retirement benefit amount specified in subsection (b) of this Section, shall be entitled to a monthly supplemental payment equal to the difference.

(b) For purposes of the calculation in subsection (a), the minimum monthly retirement benefit amount is the sum of $25 for each year of service credit, up to a maximum of 30 years of service<u>, plus the amount of the increase received by the annuitant under subsection (j) of Section 15-136, if any</u>.

(c) This Section applies to all persons receiving a retirement annuity under this Article, without regard to whether or not employment terminated prior to the effective date of this Section.

(Source: P.A. 89-616, eff. 8-9-96.)

(40 ILCS 5/15-137.1 new)

<u>Sec. 15-137.1. Reduction of purchasing power; policy; report; increase.</u>

<u>(a) The General Assembly finds and declares that:</u>

<u>(1) The purchasing power of a fixed annuity can be eroded over time by the effects of inflation and increases in the general cost of living.</u>

<u>(2) For a person whose income consists primarily of a fixed annuity, the reduction in purchasing power resulting from increases in the cost of living can become catastrophic over time, transforming a once-comfortable retirement into a time of poverty and need.</u>

<u>(3) The State of Illinois is concerned about the effects that a significant reduction in purchasing power can have on the quality of life of retired employees and</u>

<u>their survivors.</u>

<u>(4) The General Assembly has previously addressed this concern by providing for automatic annual increases in retirement and survivor's annuities under this Article. Recognizing that these automatic annual increases, by themselves, are not a complete answer in times of high inflation, the General Assembly has also, from time to time, provided specific one-time increases in annuities for certain categories of annuitants.</u>

<u>(b) It is the public policy of this State and the intention of the General Assembly to protect annuitants against significant decreases in the purchasing power of the retirement and survivor's annuities granted under this Article.</u>

<u>(c) The System shall regularly review the changes that have occurred in the purchasing power of the retirement and survivor's annuities being paid under this Article, and it shall report to the General Assembly, the Governor, and the Pension Laws Commission whenever it determines that the original purchasing power of those annuities has been reduced by 20% or more for any category or group of annuitants. The System may include in the report its recommendations, if any, for legislative action to address its findings.</u>

<u>(d) As used in this Section, the term "retirement and survivor's annuities" means all retirement annuities and those survivors insurance benefits payable in the form of an annuity.</u>

<u>(e) This Section does not apply to any benefits under the self-managed plan.</u>

(40 ILCS 5/15-145) (from Ch. 108 1/2, par. 15-145)

Sec. 15-145. Survivors insurance benefits; conditions and amounts.

(a) The survivors insurance benefits provided under this

Section shall be payable to the eligible survivors of a participant covered under the traditional benefit package upon the death of (1) a participating employee with at least 1 1/2 years of service, (2) a participant who terminated employment with at least 10 years of service, and (3) an annuitant in receipt of a retirement annuity or disability retirement annuity under this Article.

Service under the State Employees' Retirement System of Illinois, the Teachers' Retirement System of the State of Illinois and the Public School Teachers' Pension and Retirement Fund of Chicago shall be considered in determining eligibility for survivors benefits under this Section.

If by law, a function of a governmental unit, as defined by Section 20-107, is transferred in whole or in part to an employer, and an employee transfers employment from this governmental unit to such employer within 6 months after the transfer of this function, the service credits in the governmental unit's retirement system which have been validated under Section 20-109 shall be considered in determining eligibility for survivors benefits under this Section.

(b) A surviving spouse of a deceased participant, or of a deceased annuitant who did not take a refund or additional annuity consisting of accumulated survivors insurance contributions, shall receive a survivors annuity of 30% of the final rate of earnings. Payments shall begin on the day following the participant's or annuitant's death or the date the surviving spouse attains age 50, whichever is later, and continue until the death of the surviving spouse. The annuity shall be payable to the surviving spouse prior to attainment of age 50 if the surviving spouse has in his or her care a deceased participant's or annuitant's dependent unmarried child under age 18 (under age 22 if a full-time student) who is eligible for a survivors annuity.

Remarriage of a surviving spouse prior to attainment of age 55 that occurs before the effective date of this amendatory Act of the 91st General Assembly shall disqualify him or her for the receipt of a survivors annuity until July 6, 2000.

A surviving spouse whose survivors annuity has been terminated due to remarriage may apply for reinstatement of that annuity. The reinstated annuity shall begin to accrue on July 6, 2000, except that if, on July 6, 2000, the annuity is payable to an eligible surviving child or parent, payment of the annuity to the surviving spouse shall not be reinstated until the annuity is no longer payable to any eligible surviving child or parent. The reinstated annuity shall include any one-time or annual increases received prior to the date of termination, as well as any increases that would otherwise have accrued from the date of termination to the date of reinstatement. An eligible surviving spouse whose expectation of receiving a survivors annuity was lost due to remarriage before attainment of age 50 shall also be entitled to reinstatement under this subsection, but the resulting survivors annuity shall not begin to accrue sooner than upon the surviving spouse's attainment of age 50.

The changes made to this subsection by this amendatory Act of the 92nd General Assembly (pertaining to remarriage prior to age 55 or 50) apply without regard to whether the deceased participant or annuitant was in service on or after the effective date of this amendatory Act.

(c) Each dependent unmarried child under age 18 (under age 22 if a full-time student) of a deceased participant, or of a deceased annuitant who did not take a refund or additional annuity consisting of accumulated survivors insurance contributions, shall receive a survivors annuity equal to the sum of (1) 20% of the final rate of earnings, and (2) 10% of the final rate of earnings divided by the number of children entitled to this benefit. Payments shall begin on the day following the participant's or annuitant's death and continue until the child marries, dies, or attains age 18 (age 22 if a full-time student). If the child is in the care of a surviving spouse who is eligible for survivors insurance benefits, the child's benefit shall be paid to the surviving spouse.

Each unmarried child over age 18 of a deceased participant or of a deceased annuitant who had a survivor's insurance beneficiary at the time of his or her retirement, and who was dependent upon the participant or annuitant by reason of a physical or mental disability which began prior to the date the child attained age 18 (age 22 if a full-time student), shall receive a survivor's annuity equal to the sum of (1) 20% of the final rate of earnings, and (2) 10% of the final rate of earnings divided by the number of children entitled to survivors benefits. Payments shall begin on the day following the participant's or annuitant's death and continue until the child marries, dies, or is no longer disabled. If the child is in the care of a surviving spouse who is eligible for survivors insurance benefits, the child's benefit may be paid to the surviving spouse. For the purposes of this Section, disability means inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of at least one year.

(d) Each dependent parent of a deceased participant, or of a deceased annuitant who did not take a refund or additional annuity consisting of accumulated survivors insurance contributions, shall receive a survivors annuity equal to the sum of (1) 20% of final rate of earnings, and (2) 10% of final rate of earnings divided by the number of parents who qualify for the benefit. Payments shall begin when the parent reaches age 55 or the day following the participant's or annuitant's death, whichever is later, and continue until the parent dies. Remarriage of a parent prior to attainment of age 55 shall disqualify the parent for the receipt of a survivors annuity.

(e) In addition to the survivors annuity provided above, each survivors insurance beneficiary shall, upon death of the participant or annuitant, receive a lump sum payment of $1,000 divided by the number of such beneficiaries.

(f) The changes made in this Section by Public Act 81-712 pertaining to survivors annuities in cases of remarriage prior to age 55 shall apply to each survivors insurance beneficiary who remarries after June 30, 1979, regardless of the date that the participant or annuitant terminated his employment or died.

The change made to this Section by this amendatory Act of the 91st General Assembly, pertaining to remarriage prior to age 55, applies without regard to whether the deceased participant or annuitant was in service on or after the effective date of this amendatory Act of the 91st General Assembly.

(g) On January 1, 1981, any person who was receiving a survivors annuity on or before January 1, 1971 shall have the survivors annuity then being paid increased by 1% for each full year which has elapsed from the date the annuity began. On January 1, 1982, any survivor whose annuity began after January 1, 1971, but before January 1, 1981, shall have the survivor's annuity then being paid increased by 1% for each year which has elapsed from the date the survivor's annuity began. On January 1, 1987, any survivor who began receiving a survivor's annuity on or before January 1, 1977, shall have the monthly survivor's annuity increased by $1 for each full year which has elapsed since the date the survivor's annuity began.

(g-1) On July 1, 2003, every recipient of a survivor's annuity whose original annuity began before January 1, 1980 shall have the monthly survivor's annuity increased by whichever of the following percentages is applicable:

5% if the original annuity began in 1979;

10% if the original annuity began in 1978;

14% if the original annuity began in 1977;

14% if the original annuity began in 1976;

18% if the original annuity began in 1975;

23% if the original annuity began in 1974;

32% if the original annuity began in 1973 or before.

In the case of the survivor of a deceased annuitant who died while receiving a retirement annuity, "original annuity" means the deceased annuitant's retirement annuity; in all other cases, "original annuity" means the survivor's annuity.

The increase under this subsection shall be calculated as a percentage of the amount of the survivor's annuity payable on June 30, 2003, including any increases previously received under this Article, and shall be included in the calculation of increases granted thereafter under subsection (j).

(h) If the sum of the lump sum and total monthly survivor benefits payable under this Section upon the death of a participant amounts to less than the sum of the death benefits payable under items (2) and (3) of Section 15-141, the difference shall be paid in a lump sum to the beneficiary of the participant who is living on the date that this additional amount becomes payable.

(i) If the sum of the lump sum and total monthly survivor benefits payable under this Section upon the death of an annuitant receiving a retirement annuity or disability retirement annuity amounts to less than the death benefit payable under Section 15-142, the difference shall be paid to the beneficiary of the annuitant who is living on the date that this additional amount becomes payable.

(j) Effective on the later of (1) January 1, 1990, or (2) the January 1 on or next after the date on which the survivor annuity begins, if the deceased member died while receiving a retirement annuity, or in all other cases the January 1 nearest the first anniversary of the date the survivor annuity payments begin, every survivors insurance beneficiary shall receive an increase in his or her monthly survivors annuity of 3%. On each January 1 after the initial increase, the monthly survivors annuity shall be increased by 3% of the total survivors annuity provided under this Article, including previous increases provided by this subsection. Such increases shall apply to the survivors insurance beneficiaries of each participant and annuitant, whether or not the employment status of the participant or annuitant terminates before the effective date of this amendatory Act of 1990. This subsection (j) also applies to persons receiving a survivor annuity under the portable benefit package.

(k) If the Internal Revenue Code of 1986, as amended, requires that the survivors benefits be payable at an age earlier than that specified in this Section the benefits shall begin at the earlier age, in which event, the survivor's beneficiary shall be entitled only to that amount which is equal to the actuarial equivalent of the benefits provided by this Section.

(l) The changes made to this Section and Section 15-131 by this amendatory Act of 1997, relating to benefits for certain unmarried children who are full-time students under age 22, apply without regard to whether the deceased member was in service on or after the effective date of this amendatory Act of 1997. These changes do not authorize the repayment of a refund or a re-election of benefits, and any benefit or increase in benefits resulting from these changes

is not payable retroactively for any period before the effective date of this amendatory Act of 1997.
(Source: P.A. 91-887, eff. 7-6-00; 92-749, eff. 8-2-02.)

(40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

Sec. 15-155. Employer contributions.

(a) The State of Illinois shall make contributions by appropriations of amounts which, together with the other employer contributions from trust, federal, and other funds, employee contributions, income from investments, and other income of this System, will be sufficient to meet the cost of maintaining and administering the System on a 90% funded basis in accordance with actuarial recommendations.

The Board shall determine the amount of State contributions required for each fiscal year on the basis of the actuarial tables and other assumptions adopted by the Board and the recommendations of the actuary, using the formulae ~~formula~~ in subsection (a-1) and subsection (a-2). The minimum contribution to the System to be made by the State for each fiscal year shall be the sum of the amount determined under subsection (a-1) and the amount determined under subsection (a-2).

(a-1) For State fiscal years 2011 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System (other than the liabilities described in subsection (a-2) of this Section) by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

For State fiscal years 1996 through 2010, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments so that by State fiscal year 2011, the State is contributing at the rate required under this Section.

Beginning in State fiscal year 2046, the minimum State contribution for each fiscal year shall be the amount needed to maintain the total assets of the System at 90% of the total actuarial liabilities of the System.

(a-2) The cost of the one-time increases granted by this amendatory Act of the 93rd General Assembly under subsection (j) of Section 15-136, subsection (b) of Section 15-136.3 (insofar as it derives from that subsection (j) increase), and subsection (g-1) of Section 15-145 shall be paid by the State on a level dollar basis over a period of 10 years beginning July 1, 2005. These contributions are in addition to, and shall not be included in the calculation of, the State contribution required under subsection (a-1).

(b) If an employee is paid from trust or federal funds, the employer shall pay to the Board contributions from those funds which are sufficient to cover the accruing normal costs on behalf of the employee. However, universities having employees who are compensated out of local auxiliary funds, income funds, or service enterprise funds are not required to pay such contributions on behalf of those employees. The local auxiliary funds, income funds, and service enterprise funds of universities shall not be considered trust funds for the purpose of this Article, but funds of alumni associations, foundations, and athletic associations which are affiliated with the universities included as employers under this Article and other employers which do not receive State appropriations are considered to be trust funds for the purpose of this Article.

(b-1) The City of Urbana and the City of Champaign shall each make employer contributions to this System for their respective firefighter employees who participate in this System pursuant to subsection (h) of Section 15-107. The rate of contributions to be made by those municipalities shall be determined annually by the Board on the basis of the actuarial assumptions adopted by the Board and the recommendations of the actuary, and shall be expressed as a percentage of salary for each such employee. The Board shall certify the rate to the affected municipalities as soon as may be practical. The employer contributions required under this subsection shall be remitted by the municipality to the System at the same time and in the same manner as employee contributions.

(c) Through State fiscal year 1995: The total employer contribution shall be apportioned among the various funds of the State and other employers, whether trust, federal, or other funds, in accordance with actuarial procedures approved by the board. State of Illinois contributions for employers receiving State appropriations for personal services shall be payable from appropriations made to the employers or to the System. The contributions for Class I community colleges covering earnings other than those paid from trust and federal funds, shall be payable solely from appropriations to the Illinois Community College Board or the System for employer contributions.

(d) Beginning in State fiscal year 1996, the required State contributions to the System shall be appropriated directly to the System and shall be payable through vouchers issued in accordance with subsection (c) of Section 15-165.

(e) The State Comptroller shall draw warrants payable to the System upon proper certification by the System or by the employer in accordance with the appropriation laws and this Code.

(f) Normal costs under this Section means liability for pensions and other benefits which accrues to the System because of the credits earned for service rendered by the participants during the fiscal year and expenses of administering the System, but shall not include the principal of or any redemption premium or interest on any bonds issued by the board or any expenses incurred or deposits required in connection therewith.

(Source: P.A. 89-602, eff. 8-2-96; 90-576, eff. 3-31-98.)

(40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

Sec. 15-165. To certify amounts and submit vouchers.

(a) The Board shall certify to the Governor on or before November 15 of each year the appropriation required from State funds for the purposes of this System for the following fiscal year. The certification shall include a copy of the actuarial recommendations upon which it is based.

(b) The Board shall certify to the State Comptroller or employer, as the case may be, from time to time, by its president and secretary, with its seal attached, the amounts payable to the System from the various funds.

(c) Beginning in State fiscal year 1996, on or as soon as possible after the 15th day of each month the Board shall submit vouchers for payment of State contributions to the System, in a total monthly amount of one-twelfth of the required annual State contribution certified under subsection (a). These vouchers shall be paid by the State Comptroller and Treasurer by warrants drawn on the funds appropriated to the System for that fiscal year.

If in any month the amount remaining unexpended from all other appropriations to the System for the applicable fiscal year (including the appropriations to the System under Section 8.12 of the State Finance Act and Section 1 of the State Pension Funds Continuing Appropriation Act) is less than the amount lawfully vouchered under this Section, the difference shall be paid from the General Revenue Fund under the continuing appropriation authority provided in Section 1.1 of the State Pension Funds Continuing Appropriation Act.

(d) So long as the payments received are the full amount lawfully vouchered under this Section, payments received by the System under this Section shall be applied first toward the employer contribution to the self-managed plan established under Section 15-158.2. Payments shall be applied second toward the employer's portion of the normal costs of the System, as defined in subsection (f) of Section 15-155. The balance shall be applied toward the unfunded actuarial liabilities of the System.

(e) In the event that the System does not receive, as a result of legislative enactment or otherwise, payments sufficient to fully fund the employer contribution to the self-managed plan established under Section 15-158.2 and to fully fund that portion of the employer's portion of the normal costs of the System, as calculated in accordance with subsections (a-1) and (a-2) of Section 15-155 ~~15-155(a-1)~~, then any payments received shall be applied proportionately to the optional retirement program established under Section 15-158.2 and to the employer's portion of the normal costs of the System, as calculated in accordance with subsections (a-1) and (a-2) of Section 15-155 ~~15-155(a-1)~~.

(Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98.)

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