

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 2-124, 2-134, 14-108.3, 14-110, 14-131, 14-135.08,
6 15-125, 15-136, 15-155, 15-165, 16-128, 16-133, 16-133.2,
7 16-133.3, 16-152, 16-158, 16-176, 17-116.1, 18-131, and 18-140
8 and by adding Sections 1A-201, 2-162, 14-152.1, 15-198, 16-203,
9 and 18-169 as follows:

10 (40 ILCS 5/1A-201 new)

11 Sec. 1A-201. Advisory Commission on Pension Benefits.

12 (a) There is created an Advisory Commission on Pension
13 Benefits. The Commission shall consist of 15 persons, of whom 8
14 shall be appointed by the Governor and one each shall be
15 appointed by the President and Minority Leader of the Senate
16 and the Speaker and Minority Leader of the House of
17 Representatives. Four of the persons appointed by the Governor
18 shall represent different statewide labor organizations, of
19 which 2 shall be organizations that represent primarily
20 teachers and 2 shall be organizations that represent primarily
21 State employees other than teachers. The Directors of the
22 retirement systems established under Articles 14, 15, and 16 of
23 this Code shall be ex officio members of the Commission.

24 (b) The Commission shall consider and make its
25 recommendations concerning changing the age and service
26 requirements, automatic annual increase benefits, and employee
27 contribution rates of the State-funded retirement systems and
28 other pension-related issues as determined by the Commission.
29 On or before November 1, 2005, the Commission shall report its
30 findings and recommendations to the Governor and the General
31 Assembly.

32 (c) The Commission may request actuarial data from any of

1 the 5 State-funded retirement systems established under this
2 Code. That data may include, but is not limited to, the dates
3 of birth, years of service, salaries, and life expectancies of
4 members. A retirement system shall provide the requested
5 information as soon as practical after the request is received,
6 but in no event later than any reasonable deadline imposed by
7 the Commission.

8 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

9 Sec. 2-124. Contributions by State.

10 (a) The State shall make contributions to the System by
11 appropriations of amounts which, together with the
12 contributions of participants, interest earned on investments,
13 and other income will meet the cost of maintaining and
14 administering the System on a 90% funded basis in accordance
15 with actuarial recommendations.

16 (b) The Board shall determine the amount of State
17 contributions required for each fiscal year on the basis of the
18 actuarial tables and other assumptions adopted by the Board and
19 the prescribed rate of interest, using the formula in
20 subsection (c).

21 (c) For State fiscal years 2011 through 2045, the minimum
22 contribution to the System to be made by the State for each
23 fiscal year shall be an amount determined by the System to be
24 sufficient to bring the total assets of the System up to 90% of
25 the total actuarial liabilities of the System by the end of
26 State fiscal year 2045. In making these determinations, the
27 required State contribution shall be calculated each year as a
28 level percentage of payroll over the years remaining to and
29 including fiscal year 2045 and shall be determined under the
30 projected unit credit actuarial cost method.

31 For State fiscal years 1996 through 2005 ~~2010~~, the State
32 contribution to the System, as a percentage of the applicable
33 employee payroll, shall be increased in equal annual increments
34 so that by State fiscal year 2011, the State is contributing at
35 the rate required under this Section.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2006 is
3 \$4,157,000.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2007 is
6 \$5,220,300.

7 For each of State fiscal years 2008 through 2010, the State
8 contribution to the System, as a percentage of the applicable
9 employee payroll, shall be increased in equal annual increments
10 from the required State contribution for State fiscal year
11 2007, so that by State fiscal year 2011, the State is
12 contributing at the rate otherwise required under this Section.

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

17 Notwithstanding any other provision of this Section, the
18 required State contribution for State fiscal year 2005 and for
19 fiscal year 2008 and each fiscal year thereafter, as calculated
20 under this Section and certified under Section 2-134, shall not
21 exceed an amount equal to (i) the amount of the required State
22 contribution that would have been calculated under this Section
23 for that fiscal year if the System had not received any
24 payments under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act, minus (ii) the portion of the State's
26 total debt service payments for that fiscal year on the bonds
27 issued for the purposes of that Section 7.2, as determined and
28 certified by the Comptroller, that is the same as the System's
29 portion of the total moneys distributed under subsection (d) of
30 Section 7.2 of the General Obligation Bond Act. In determining
31 this maximum for State fiscal years 2008 through 2010, however,
32 the amount referred to in item (i) shall be increased, as a
33 percentage of the applicable employee payroll, in equal
34 increments calculated from the sum of the required State
35 contribution for State fiscal year 2007 plus the applicable
36 portion of the State's total debt service payments for fiscal

1 year 2007 on the bonds issued for the purposes of Section 7.2
2 of the General Obligation Bond Act, so that, by State fiscal
3 year 2011, the State is contributing at the rate otherwise
4 required under this Section.

5 (Source: P.A. 93-2, eff. 4-7-03.)

6 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

7 Sec. 2-134. To certify required State contributions and
8 submit vouchers.

9 (a) The Board shall certify to the Governor on or before
10 November 15 of each year the amount of the required State
11 contribution to the System for the next fiscal year. The
12 certification shall include a copy of the actuarial
13 recommendations upon which it is based.

14 On or before May 1, 2004, the Board shall recalculate and
15 recertify to the Governor the amount of the required State
16 contribution to the System for State fiscal year 2005, taking
17 into account the amounts appropriated to and received by the
18 System under subsection (d) of Section 7.2 of the General
19 Obligation Bond Act.

20 On or before July 1, 2005, the Board shall recalculate and
21 recertify to the Governor the amount of the required State
22 contribution to the System for State fiscal year 2006, taking
23 into account the changes in required State contributions made
24 by this amendatory Act of the 94th General Assembly.

25 (b) Beginning in State fiscal year 1996, on or as soon as
26 possible after the 15th day of each month the Board shall
27 submit vouchers for payment of State contributions to the
28 System, in a total monthly amount of one-twelfth of the
29 required annual State contribution certified under subsection
30 (a). From the effective date of this amendatory Act of the 93rd
31 General Assembly through June 30, 2004, the Board shall not
32 submit vouchers for the remainder of fiscal year 2004 in excess
33 of the fiscal year 2004 certified contribution amount
34 determined under this Section after taking into consideration
35 the transfer to the System under subsection (d) of Section

1 6z-61 of the State Finance Act. These vouchers shall be paid by
2 the State Comptroller and Treasurer by warrants drawn on the
3 funds appropriated to the System for that fiscal year. If in
4 any month the amount remaining unexpended from all other
5 appropriations to the System for the applicable fiscal year
6 (including the appropriations to the System under Section 8.12
7 of the State Finance Act and Section 1 of the State Pension
8 Funds Continuing Appropriation Act) is less than the amount
9 lawfully vouchered under this Section, the difference shall be
10 paid from the General Revenue Fund under the continuing
11 appropriation authority provided in Section 1.1 of the State
12 Pension Funds Continuing Appropriation Act.

13 (c) The full amount of any annual appropriation for the
14 System for State fiscal year 1995 shall be transferred and made
15 available to the System at the beginning of that fiscal year at
16 the request of the Board. Any excess funds remaining at the end
17 of any fiscal year from appropriations shall be retained by the
18 System as a general reserve to meet the System's accrued
19 liabilities.

20 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04.)

21 (40 ILCS 5/2-162 new)

22 Sec. 2-162. Application and expiration of new benefit
23 increases.

24 (a) As used in this Section, "new benefit increase" means
25 an increase in the amount of any benefit provided under this
26 Article, or an expansion of the conditions of eligibility for
27 any benefit under this Article, that results from an amendment
28 to this Code that takes effect after the effective date of this
29 amendatory Act of the 94th General Assembly.

30 (b) Notwithstanding any other provision of this Code or any
31 subsequent amendment to this Code, every new benefit increase
32 is subject to this Section and shall be deemed to be granted
33 only in conformance with and contingent upon compliance with
34 the provisions of this Section.

35 (c) The Public Act enacting a new benefit increase must

1 identify and provide for payment to the System of additional
2 funding at least sufficient to fund the resulting annual
3 increase in cost to the System as it accrues.

4 Every new benefit increase is contingent upon the General
5 Assembly providing the additional funding required under this
6 subsection. The Commission on Government Forecasting and
7 Accountability shall analyze whether adequate additional
8 funding has been provided for the new benefit increase and
9 shall report its analysis to the Public Pension Division of the
10 Department of Financial and Professional Regulation. A new
11 benefit increase created by a Public Act that does not include
12 the additional funding required under this subsection is null
13 and void. If the Public Pension Division determines that the
14 additional funding provided for a new benefit increase under
15 this subsection is or has become inadequate, it may so certify
16 to the Governor and the State Comptroller and, in the absence
17 of corrective action by the General Assembly, the new benefit
18 increase shall expire at the end of the fiscal year in which
19 the certification is made.

20 (d) Every new benefit increase shall expire 5 years after
21 its effective date or on such earlier date as may be specified
22 in the language enacting the new benefit increase or provided
23 under subsection (c). This does not prevent the General
24 Assembly from extending or re-creating a new benefit increase
25 by law.

26 (e) Except as otherwise provided in the language creating
27 the new benefit increase, a new benefit increase that expires
28 under this Section continues to apply to persons who applied
29 and qualified for the affected benefit while the new benefit
30 increase was in effect and to the affected beneficiaries and
31 alternate payees of such persons, but does not apply to any
32 other person, including without limitation a person who
33 continues in service after the expiration date and did not
34 apply and qualify for the affected benefit while the new
35 benefit increase was in effect.

1 (40 ILCS 5/14-108.3)

2 Sec. 14-108.3. Early retirement incentives.

3 (a) To be eligible for the benefits provided in this
4 Section, a person must:

5 (1) be a member of this System who, on any day during
6 June, 2002, is (i) in active payroll status in a position
7 of employment with a department and an active contributor
8 to this System with respect to that employment, and
9 terminates that employment before the retirement annuity
10 under this Article begins, or (ii) on layoff status from
11 such a position with a right of re-employment or recall to
12 service, or (iii) receiving benefits under Section 14-123,
13 14-123.1 or 14-124, but only if the member has not been
14 receiving those benefits for a continuous period of more
15 than 2 years as of the date of application;

16 (2) not have received any retirement annuity under this
17 Article beginning earlier than August 1, 2002;

18 (3) file with the Board on or before December 31, 2002
19 a written application requesting the benefits provided in
20 this Section;

21 (4) terminate employment under this Article no later
22 than December 31, 2002 (or the date established under
23 subsection (d), if applicable);

24 (5) by the date of termination of service, have at
25 least 8 years of creditable service under this Article,
26 without the use of any creditable service established under
27 this Section;

28 (6) by the date of termination of service, have at
29 least 5 years of membership service earned while an
30 employee under this Article, which may include military
31 service for which credit is established under Section
32 14-105(b), service during the qualifying period for which
33 credit is established under Section 14-104(a), and service
34 for which credit has been established by repaying a refund
35 under Section 14-130, but shall not include service for
36 which any other optional service credit has been

1 established; and

2 (7) not receive any early retirement benefit under
3 Section 16-133.3 of this Code.

4 (b) An eligible person may establish up to 5 years of
5 creditable service under this Article, in increments of one
6 month, by making the contributions specified in subsection (c).
7 In addition, for each month of creditable service established
8 under this Section, a person's age at retirement shall be
9 deemed to be one month older than it actually is.

10 The creditable service established under this Section may
11 be used for all purposes under this Article and the Retirement
12 Systems Reciprocal Act, except for the computation of final
13 average compensation under Section 14-103.12 or the
14 determination of compensation under this or any other Article
15 of this Code.

16 The age enhancement established under this Section may not
17 be used to enable any person to begin receiving a retirement
18 annuity calculated under Section 14-110 before actually
19 attaining age 50 (without any age enhancement under this
20 Section). The age enhancement established under this Section
21 may be used for all other purposes under this Article
22 (including calculation of a proportionate annuity payable by
23 this System under the Retirement Systems Reciprocal Act),
24 except for purposes of the level income option in Section
25 14-112, the reversionary annuity under Section 14-113, and the
26 required distributions under Section 14-121.1.

27 The age enhancement established under this Section may be
28 used in determining benefits payable under Article 16 of this
29 Code under the Retirement Systems Reciprocal Act, if the person
30 has at least 5 years of service credit in the Article 16 system
31 that was earned while participating in that system as a teacher
32 (as defined in Section 16-106) employed by a department (as
33 defined in Section 14-103.04). Age enhancement established
34 under this Section shall not otherwise be used in determining
35 benefits payable under other Articles of this Code under the
36 Retirement Systems Reciprocal Act.

1 (c) For all creditable service established under this
2 Section, a person must pay to the System an employee
3 contribution to be determined by the System, based on the
4 member's rate of compensation on June 1, 2002 (or the last date
5 before June 1, 2002 for which a rate can be determined) and the
6 retirement contribution rate in effect on June 1, 2002 for the
7 member (or for members with the same social security and
8 alternative formula status as the member).

9 If the member receives a lump sum payment for accumulated
10 vacation, sick leave and personal leave upon withdrawal from
11 service, and the net amount of that lump sum payment is at
12 least as great as the amount of the contribution required under
13 this Section, the entire contribution must be paid by the
14 employee by payroll deduction. If there is no such lump sum
15 payment, or if it is less than the contribution required under
16 this Section, the member shall make an initial payment by
17 payroll deduction, equal to the net amount of the lump sum
18 payment for accumulated vacation, sick leave, and personal
19 leave, and have the remaining amount due treated as a reduction
20 from the retirement annuity in 24 equal monthly installments
21 beginning in the month in which the retirement annuity takes
22 effect. The required contribution may be paid as a pre-tax
23 deduction from earnings. For federal and Illinois tax purposes,
24 the monthly amount by which the annuitant's benefit is reduced
25 shall not be treated as a contribution by the annuitant, but
26 rather as a reduction of the annuitant's monthly benefit.

27 (c-5) The reduction in retirement annuity provided in
28 subsection (c) of Section 14-108 does not apply to the annuity
29 of a person who retires under this Section. A person who has
30 received any age enhancement or creditable service under this
31 Section may begin to receive an unreduced retirement annuity
32 upon attainment of age 55 with at least 25 years of creditable
33 service (including any age enhancement and creditable service
34 established under this Section).

35 (d) In order to ensure that the efficient operation of
36 State government is not jeopardized by the simultaneous

1 retirement of large numbers of key personnel, the director or
2 other head of a department may, for key employees of that
3 department, extend the December 31, 2002 deadline for
4 terminating employment under this Article established in
5 subdivision (a)(4) of this Section to a date not later than
6 April 30, 2003 by so notifying the System in writing by
7 December 31, 2002.

8 (e) Notwithstanding Section 14-111, a person who has
9 received any age enhancement or creditable service under this
10 Section and who reenters service under this Article (or as an
11 employee of a department under Article 16) other than as a
12 temporary employee thereby forfeits that age enhancement and
13 creditable service and is entitled to a refund of the
14 contributions made pursuant to this Section.

15 (f) The System shall determine the amount of the increase
16 in the present value of future benefits resulting from the
17 granting of early retirement incentives under this Section and
18 shall report that amount to the Governor and the Commission on
19 Government Forecasting and Accountability on or after the
20 effective date of this amendatory Act of the 93rd General
21 Assembly and on or before November 15, 2004. Beginning with
22 State fiscal year 2008, the ~~The~~ increase reported under this
23 subsection (f) shall ~~not~~ be included in the calculation of the
24 required State contribution under Section 14-131.

25 (g) In addition to the contributions otherwise required
26 under this Article, the State shall appropriate and pay to the
27 System ~~(1)~~ an amount equal to \$70,000,000 in State fiscal years
28 2004 and 2005 ~~and (2) in each of State fiscal years 2006~~
29 ~~through 2015, a level dollar payment based upon the increase in~~
30 ~~the present value of future benefits provided by the early~~
31 ~~retirement incentives provided under this Section amortized at~~
32 ~~8.5% interest.~~

33 (h) The Commission on Government Forecasting and
34 Accountability (i) shall hold one or more hearings on or before
35 the last session day during the fall veto session of 2004 to
36 review recommendations relating to funding of early retirement

1 incentives under this Section and (ii) shall file its report
2 with the General Assembly on or before December 31, 2004 making
3 its recommendations relating to funding of early retirement
4 incentives under this Section; the Commission's report may
5 contain both majority recommendations and minority
6 recommendations. The System shall recalculate and recertify to
7 the Governor by January 31, 2005 the amount of the required
8 State contribution to the System for State fiscal year 2005
9 with respect to those incentives. The Pension Laws Commission
10 (or its successor, the Commission on Government Forecasting and
11 Accountability) shall determine and report to the General
12 Assembly, on or before January 1, 2004 and annually thereafter
13 through the year 2013, its estimate of (1) the annual amount of
14 payroll savings likely to be realized by the State as a result
15 of the early retirement of persons receiving early retirement
16 incentives under this Section and (2) the net annual savings or
17 cost to the State from the program of early retirement
18 incentives created under this Section.

19 The System, the Department of Central Management Services,
20 the Governor's Office of Management and Budget (formerly Bureau
21 of the Budget), and all other departments shall provide to the
22 Commission any assistance that the Commission may request with
23 respect to its reports under this Section. The Commission may
24 require departments to provide it with any information that it
25 deems necessary or useful with respect to its reports under
26 this Section, including without limitation information about
27 (1) the final earnings of former department employees who
28 elected to receive benefits under this Section, (2) the
29 earnings of current department employees holding the positions
30 vacated by persons who elected to receive benefits under this
31 Section, and (3) positions vacated by persons who elected to
32 receive benefits under this Section that have not yet been
33 refilled.

34 (i) The changes made to this Section by this amendatory Act
35 of the 92nd General Assembly do not apply to persons who
36 retired under this Section on or before May 1, 1992.

1 (Source: P.A. 92-566, eff. 6-25-02; 93-632, eff. 2-1-04;
2 93-839, eff. 7-30-04; 93-1067, eff. 1-15-05.)

3 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

4 Sec. 14-110. Alternative retirement annuity.

5 (a) Any member who has withdrawn from service with not less
6 than 20 years of eligible creditable service and has attained
7 age 55, and any member who has withdrawn from service with not
8 less than 25 years of eligible creditable service and has
9 attained age 50, regardless of whether the attainment of either
10 of the specified ages occurs while the member is still in
11 service, shall be entitled to receive at the option of the
12 member, in lieu of the regular or minimum retirement annuity, a
13 retirement annuity computed as follows:

14 (i) for periods of service as a noncovered employee: if
15 retirement occurs on or after January 1, 2001, 3% of final
16 average compensation for each year of creditable service;
17 if retirement occurs before January 1, 2001, 2 1/4% of
18 final average compensation for each of the first 10 years
19 of creditable service, 2 1/2% for each year above 10 years
20 to and including 20 years of creditable service, and 2 3/4%
21 for each year of creditable service above 20 years; and

22 (ii) for periods of eligible creditable service as a
23 covered employee: if retirement occurs on or after January
24 1, 2001, 2.5% of final average compensation for each year
25 of creditable service; if retirement occurs before January
26 1, 2001, 1.67% of final average compensation for each of
27 the first 10 years of such service, 1.90% for each of the
28 next 10 years of such service, 2.10% for each year of such
29 service in excess of 20 but not exceeding 30, and 2.30% for
30 each year in excess of 30.

31 Such annuity shall be subject to a maximum of 75% of final
32 average compensation if retirement occurs before January 1,
33 2001 or to a maximum of 80% of final average compensation if
34 retirement occurs on or after January 1, 2001.

35 These rates shall not be applicable to any service

1 performed by a member as a covered employee which is not
2 eligible creditable service. Service as a covered employee
3 which is not eligible creditable service shall be subject to
4 the rates and provisions of Section 14-108.

5 (b) For the purpose of this Section, "eligible creditable
6 service" means creditable service resulting from service in one
7 or more of the following positions:

8 (1) State policeman;

9 (2) fire fighter in the fire protection service of a
10 department;

11 (3) air pilot;

12 (4) special agent;

13 (5) investigator for the Secretary of State;

14 (6) conservation police officer;

15 (7) investigator for the Department of Revenue;

16 (8) security employee of the Department of Human
17 Services;

18 (9) Central Management Services security police
19 officer;

20 (10) security employee of the Department of
21 Corrections;

22 (11) dangerous drugs investigator;

23 (12) investigator for the Department of State Police;

24 (13) investigator for the Office of the Attorney
25 General;

26 (14) controlled substance inspector;

27 (15) investigator for the Office of the State's
28 Attorneys Appellate Prosecutor;

29 (16) Commerce Commission police officer;

30 (17) arson investigator;

31 (18) State highway maintenance worker.

32 A person employed in one of the positions specified in this
33 subsection is entitled to eligible creditable service for
34 service credit earned under this Article while undergoing the
35 basic police training course approved by the Illinois Law
36 Enforcement Training Standards Board, if completion of that

1 training is required of persons serving in that position. For
2 the purposes of this Code, service during the required basic
3 police training course shall be deemed performance of the
4 duties of the specified position, even though the person is not
5 a sworn peace officer at the time of the training.

6 (c) For the purposes of this Section:

7 (1) The term "state policeman" includes any title or
8 position in the Department of State Police that is held by
9 an individual employed under the State Police Act.

10 (2) The term "fire fighter in the fire protection
11 service of a department" includes all officers in such fire
12 protection service including fire chiefs and assistant
13 fire chiefs.

14 (3) The term "air pilot" includes any employee whose
15 official job description on file in the Department of
16 Central Management Services, or in the department by which
17 he is employed if that department is not covered by the
18 Personnel Code, states that his principal duty is the
19 operation of aircraft, and who possesses a pilot's license;
20 however, the change in this definition made by this
21 amendatory Act of 1983 shall not operate to exclude any
22 noncovered employee who was an "air pilot" for the purposes
23 of this Section on January 1, 1984.

24 (4) The term "special agent" means any person who by
25 reason of employment by the Division of Narcotic Control,
26 the Bureau of Investigation or, after July 1, 1977, the
27 Division of Criminal Investigation, the Division of
28 Internal Investigation, the Division of Operations, or any
29 other Division or organizational entity in the Department
30 of State Police is vested by law with duties to maintain
31 public order, investigate violations of the criminal law of
32 this State, enforce the laws of this State, make arrests
33 and recover property. The term "special agent" includes any
34 title or position in the Department of State Police that is
35 held by an individual employed under the State Police Act.

36 (5) The term "investigator for the Secretary of State"

1 means any person employed by the Office of the Secretary of
2 State and vested with such investigative duties as render
3 him ineligible for coverage under the Social Security Act
4 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
5 218(1)(1) of that Act.

6 A person who became employed as an investigator for the
7 Secretary of State between January 1, 1967 and December 31,
8 1975, and who has served as such until attainment of age
9 60, either continuously or with a single break in service
10 of not more than 3 years duration, which break terminated
11 before January 1, 1976, shall be entitled to have his
12 retirement annuity calculated in accordance with
13 subsection (a), notwithstanding that he has less than 20
14 years of credit for such service.

15 (6) The term "Conservation Police Officer" means any
16 person employed by the Division of Law Enforcement of the
17 Department of Natural Resources and vested with such law
18 enforcement duties as render him ineligible for coverage
19 under the Social Security Act by reason of Sections
20 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The
21 term "Conservation Police Officer" includes the positions
22 of Chief Conservation Police Administrator and Assistant
23 Conservation Police Administrator.

24 (7) The term "investigator for the Department of
25 Revenue" means any person employed by the Department of
26 Revenue and vested with such investigative duties as render
27 him ineligible for coverage under the Social Security Act
28 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
29 218(1)(1) of that Act.

30 (8) The term "security employee of the Department of
31 Human Services" means any person employed by the Department
32 of Human Services who (i) is employed at the Chester Mental
33 Health Center and has daily contact with the residents
34 thereof, (ii) is employed within a security unit at a
35 facility operated by the Department and has daily contact
36 with the residents of the security unit, (iii) is employed

1 at a facility operated by the Department that includes a
2 security unit and is regularly scheduled to work at least
3 50% of his or her working hours within that security unit,
4 or (iv) is a mental health police officer. "Mental health
5 police officer" means any person employed by the Department
6 of Human Services in a position pertaining to the
7 Department's mental health and developmental disabilities
8 functions who is vested with such law enforcement duties as
9 render the person ineligible for coverage under the Social
10 Security Act by reason of Sections 218(d)(5)(A),
11 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"
12 means that portion of a facility that is devoted to the
13 care, containment, and treatment of persons committed to
14 the Department of Human Services as sexually violent
15 persons, persons unfit to stand trial, or persons not
16 guilty by reason of insanity. With respect to past
17 employment, references to the Department of Human Services
18 include its predecessor, the Department of Mental Health
19 and Developmental Disabilities.

20 The changes made to this subdivision (c)(8) by Public
21 Act 92-14 apply to persons who retire on or after January
22 1, 2001, notwithstanding Section 1-103.1.

23 (9) "Central Management Services security police
24 officer" means any person employed by the Department of
25 Central Management Services who is vested with such law
26 enforcement duties as render him ineligible for coverage
27 under the Social Security Act by reason of Sections
28 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

29 (10) For a member who first became an employee under
30 this Article before July 1, 2005, the ~~The~~ term "security
31 employee of the Department of Corrections" means any
32 employee of the Department of Corrections or the former
33 Department of Personnel, and any member or employee of the
34 Prisoner Review Board, who has daily contact with inmates
35 by working within a correctional facility or who is a
36 parole officer or an employee who has direct contact with

1 committed persons in the performance of his or her job
2 duties. For a member who first becomes an employee under
3 this Article on or after July 1, 2005, the term means an
4 employee of the Department of Corrections who is any of the
5 following: (i) officially headquartered at a correctional
6 facility, (ii) a parole officer, (iii) a member of the
7 apprehension unit, (iv) a member of the intelligence unit,
8 (v) a member of the sort team, or (vi) an investigator.

9 (11) The term "dangerous drugs investigator" means any
10 person who is employed as such by the Department of Human
11 Services.

12 (12) The term "investigator for the Department of State
13 Police" means a person employed by the Department of State
14 Police who is vested under Section 4 of the Narcotic
15 Control Division Abolition Act with such law enforcement
16 powers as render him ineligible for coverage under the
17 Social Security Act by reason of Sections 218(d)(5)(A),
18 218(d)(8)(D) and 218(1)(1) of that Act.

19 (13) "Investigator for the Office of the Attorney
20 General" means any person who is employed as such by the
21 Office of the Attorney General and is vested with such
22 investigative duties as render him ineligible for coverage
23 under the Social Security Act by reason of Sections
24 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For
25 the period before January 1, 1989, the term includes all
26 persons who were employed as investigators by the Office of
27 the Attorney General, without regard to social security
28 status.

29 (14) "Controlled substance inspector" means any person
30 who is employed as such by the Department of Professional
31 Regulation and is vested with such law enforcement duties
32 as render him ineligible for coverage under the Social
33 Security Act by reason of Sections 218(d)(5)(A),
34 218(d)(8)(D) and 218(1)(1) of that Act. The term
35 "controlled substance inspector" includes the Program
36 Executive of Enforcement and the Assistant Program

1 Executive of Enforcement.

2 (15) The term "investigator for the Office of the
3 State's Attorneys Appellate Prosecutor" means a person
4 employed in that capacity on a full time basis under the
5 authority of Section 7.06 of the State's Attorneys
6 Appellate Prosecutor's Act.

7 (16) "Commerce Commission police officer" means any
8 person employed by the Illinois Commerce Commission who is
9 vested with such law enforcement duties as render him
10 ineligible for coverage under the Social Security Act by
11 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and
12 218(1)(1) of that Act.

13 (17) "Arson investigator" means any person who is
14 employed as such by the Office of the State Fire Marshal
15 and is vested with such law enforcement duties as render
16 the person ineligible for coverage under the Social
17 Security Act by reason of Sections 218(d)(5)(A),
18 218(d)(8)(D), and 218(1)(1) of that Act. A person who was
19 employed as an arson investigator on January 1, 1995 and is
20 no longer in service but not yet receiving a retirement
21 annuity may convert his or her creditable service for
22 employment as an arson investigator into eligible
23 creditable service by paying to the System the difference
24 between the employee contributions actually paid for that
25 service and the amounts that would have been contributed if
26 the applicant were contributing at the rate applicable to
27 persons with the same social security status earning
28 eligible creditable service on the date of application.

29 (18) The term "State highway maintenance worker" means
30 a person who is either of the following:

31 (i) A person employed on a full-time basis by the
32 Illinois Department of Transportation in the position
33 of highway maintainer, highway maintenance lead
34 worker, highway maintenance lead/lead worker, heavy
35 construction equipment operator, power shovel
36 operator, or bridge mechanic; and whose principal

1 responsibility is to perform, on the roadway, the
2 actual maintenance necessary to keep the highways that
3 form a part of the State highway system in serviceable
4 condition for vehicular traffic.

5 (ii) A person employed on a full-time basis by the
6 Illinois State Toll Highway Authority in the position
7 of equipment operator/laborer H-4, equipment
8 operator/laborer H-6, welder H-4, welder H-6,
9 mechanical/electrical H-4, mechanical/electrical H-6,
10 water/sewer H-4, water/sewer H-6, sign maker/hanger
11 H-4, sign maker/hanger H-6, roadway lighting H-4,
12 roadway lighting H-6, structural H-4, structural H-6,
13 painter H-4, or painter H-6; and whose principal
14 responsibility is to perform, on the roadway, the
15 actual maintenance necessary to keep the Authority's
16 tollways in serviceable condition for vehicular
17 traffic.

18 (d) A security employee of the Department of Corrections,
19 and a security employee of the Department of Human Services who
20 is not a mental health police officer, shall not be eligible
21 for the alternative retirement annuity provided by this Section
22 unless he or she meets the following minimum age and service
23 requirements at the time of retirement:

24 (i) 25 years of eligible creditable service and age 55;

25 or

26 (ii) beginning January 1, 1987, 25 years of eligible
27 creditable service and age 54, or 24 years of eligible
28 creditable service and age 55; or

29 (iii) beginning January 1, 1988, 25 years of eligible
30 creditable service and age 53, or 23 years of eligible
31 creditable service and age 55; or

32 (iv) beginning January 1, 1989, 25 years of eligible
33 creditable service and age 52, or 22 years of eligible
34 creditable service and age 55; or

35 (v) beginning January 1, 1990, 25 years of eligible
36 creditable service and age 51, or 21 years of eligible

1 creditable service and age 55; or

2 (vi) beginning January 1, 1991, 25 years of eligible
3 creditable service and age 50, or 20 years of eligible
4 creditable service and age 55.

5 Persons who have service credit under Article 16 of this
6 Code for service as a security employee of the Department of
7 Corrections or the Department of Human Services in a position
8 requiring certification as a teacher may count such service
9 toward establishing their eligibility under the service
10 requirements of this Section; but such service may be used only
11 for establishing such eligibility, and not for the purpose of
12 increasing or calculating any benefit.

13 (e) If a member enters military service while working in a
14 position in which eligible creditable service may be earned,
15 and returns to State service in the same or another such
16 position, and fulfills in all other respects the conditions
17 prescribed in this Article for credit for military service,
18 such military service shall be credited as eligible creditable
19 service for the purposes of the retirement annuity prescribed
20 in this Section.

21 (f) For purposes of calculating retirement annuities under
22 this Section, periods of service rendered after December 31,
23 1968 and before October 1, 1975 as a covered employee in the
24 position of special agent, conservation police officer, mental
25 health police officer, or investigator for the Secretary of
26 State, shall be deemed to have been service as a noncovered
27 employee, provided that the employee pays to the System prior
28 to retirement an amount equal to (1) the difference between the
29 employee contributions that would have been required for such
30 service as a noncovered employee, and the amount of employee
31 contributions actually paid, plus (2) if payment is made after
32 July 31, 1987, regular interest on the amount specified in item
33 (1) from the date of service to the date of payment.

34 For purposes of calculating retirement annuities under
35 this Section, periods of service rendered after December 31,
36 1968 and before January 1, 1982 as a covered employee in the

1 position of investigator for the Department of Revenue shall be
2 deemed to have been service as a noncovered employee, provided
3 that the employee pays to the System prior to retirement an
4 amount equal to (1) the difference between the employee
5 contributions that would have been required for such service as
6 a noncovered employee, and the amount of employee contributions
7 actually paid, plus (2) if payment is made after January 1,
8 1990, regular interest on the amount specified in item (1) from
9 the date of service to the date of payment.

10 (g) A State policeman may elect, not later than January 1,
11 1990, to establish eligible creditable service for up to 10
12 years of his service as a policeman under Article 3, by filing
13 a written election with the Board, accompanied by payment of an
14 amount to be determined by the Board, equal to (i) the
15 difference between the amount of employee and employer
16 contributions transferred to the System under Section 3-110.5,
17 and the amounts that would have been contributed had such
18 contributions been made at the rates applicable to State
19 policemen, plus (ii) interest thereon at the effective rate for
20 each year, compounded annually, from the date of service to the
21 date of payment.

22 Subject to the limitation in subsection (i), a State
23 policeman may elect, not later than July 1, 1993, to establish
24 eligible creditable service for up to 10 years of his service
25 as a member of the County Police Department under Article 9, by
26 filing a written election with the Board, accompanied by
27 payment of an amount to be determined by the Board, equal to
28 (i) the difference between the amount of employee and employer
29 contributions transferred to the System under Section 9-121.10
30 and the amounts that would have been contributed had those
31 contributions been made at the rates applicable to State
32 policemen, plus (ii) interest thereon at the effective rate for
33 each year, compounded annually, from the date of service to the
34 date of payment.

35 (h) Subject to the limitation in subsection (i), a State
36 policeman or investigator for the Secretary of State may elect

1 to establish eligible creditable service for up to 12 years of
2 his service as a policeman under Article 5, by filing a written
3 election with the Board on or before January 31, 1992, and
4 paying to the System by January 31, 1994 an amount to be
5 determined by the Board, equal to (i) the difference between
6 the amount of employee and employer contributions transferred
7 to the System under Section 5-236, and the amounts that would
8 have been contributed had such contributions been made at the
9 rates applicable to State policemen, plus (ii) interest thereon
10 at the effective rate for each year, compounded annually, from
11 the date of service to the date of payment.

12 Subject to the limitation in subsection (i), a State
13 policeman, conservation police officer, or investigator for
14 the Secretary of State may elect to establish eligible
15 creditable service for up to 10 years of service as a sheriff's
16 law enforcement employee under Article 7, by filing a written
17 election with the Board on or before January 31, 1993, and
18 paying to the System by January 31, 1994 an amount to be
19 determined by the Board, equal to (i) the difference between
20 the amount of employee and employer contributions transferred
21 to the System under Section 7-139.7, and the amounts that would
22 have been contributed had such contributions been made at the
23 rates applicable to State policemen, plus (ii) interest thereon
24 at the effective rate for each year, compounded annually, from
25 the date of service to the date of payment.

26 (i) The total amount of eligible creditable service
27 established by any person under subsections (g), (h), (j), (k),
28 and (l) of this Section shall not exceed 12 years.

29 (j) Subject to the limitation in subsection (i), an
30 investigator for the Office of the State's Attorneys Appellate
31 Prosecutor or a controlled substance inspector may elect to
32 establish eligible creditable service for up to 10 years of his
33 service as a policeman under Article 3 or a sheriff's law
34 enforcement employee under Article 7, by filing a written
35 election with the Board, accompanied by payment of an amount to
36 be determined by the Board, equal to (1) the difference between

1 the amount of employee and employer contributions transferred
2 to the System under Section 3-110.6 or 7-139.8, and the amounts
3 that would have been contributed had such contributions been
4 made at the rates applicable to State policemen, plus (2)
5 interest thereon at the effective rate for each year,
6 compounded annually, from the date of service to the date of
7 payment.

8 (k) Subject to the limitation in subsection (i) of this
9 Section, an alternative formula employee may elect to establish
10 eligible creditable service for periods spent as a full-time
11 law enforcement officer or full-time corrections officer
12 employed by the federal government or by a state or local
13 government located outside of Illinois, for which credit is not
14 held in any other public employee pension fund or retirement
15 system. To obtain this credit, the applicant must file a
16 written application with the Board by March 31, 1998,
17 accompanied by evidence of eligibility acceptable to the Board
18 and payment of an amount to be determined by the Board, equal
19 to (1) employee contributions for the credit being established,
20 based upon the applicant's salary on the first day as an
21 alternative formula employee after the employment for which
22 credit is being established and the rates then applicable to
23 alternative formula employees, plus (2) an amount determined by
24 the Board to be the employer's normal cost of the benefits
25 accrued for the credit being established, plus (3) regular
26 interest on the amounts in items (1) and (2) from the first day
27 as an alternative formula employee after the employment for
28 which credit is being established to the date of payment.

29 (l) Subject to the limitation in subsection (i), a security
30 employee of the Department of Corrections may elect, not later
31 than July 1, 1998, to establish eligible creditable service for
32 up to 10 years of his or her service as a policeman under
33 Article 3, by filing a written election with the Board,
34 accompanied by payment of an amount to be determined by the
35 Board, equal to (i) the difference between the amount of
36 employee and employer contributions transferred to the System

1 under Section 3-110.5, and the amounts that would have been
2 contributed had such contributions been made at the rates
3 applicable to security employees of the Department of
4 Corrections, plus (ii) interest thereon at the effective rate
5 for each year, compounded annually, from the date of service to
6 the date of payment.

7 (Source: P.A. 91-357, eff. 7-29-99; 91-760, eff. 1-1-01; 92-14,
8 eff. 6-28-01; 92-257, eff. 8-6-01; 92-651, eff. 7-11-02.)

9 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

10 Sec. 14-131. Contributions by State.

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

18 For the purposes of this Section and Section 14-135.08,
19 references to State contributions refer only to employer
20 contributions and do not include employee contributions that
21 are picked up or otherwise paid by the State or a department on
22 behalf of the employee.

23 (b) The Board shall determine the total amount of State
24 contributions required for each fiscal year on the basis of the
25 actuarial tables and other assumptions adopted by the Board,
26 using the formula in subsection (e).

27 The Board shall also determine a State contribution rate
28 for each fiscal year, expressed as a percentage of payroll,
29 based on the total required State contribution for that fiscal
30 year (less the amount received by the System from
31 appropriations under Section 8.12 of the State Finance Act and
32 Section 1 of the State Pension Funds Continuing Appropriation
33 Act, if any, for the fiscal year ending on the June 30
34 immediately preceding the applicable November 15 certification
35 deadline), the estimated payroll (including all forms of

1 compensation) for personal services rendered by eligible
2 employees, and the recommendations of the actuary.

3 For the purposes of this Section and Section 14.1 of the
4 State Finance Act, the term "eligible employees" includes
5 employees who participate in the System, persons who may elect
6 to participate in the System but have not so elected, persons
7 who are serving a qualifying period that is required for
8 participation, and annuitants employed by a department as
9 described in subdivision (a) (1) or (a) (2) of Section 14-111.

10 (c) Contributions shall be made by the several departments
11 for each pay period by warrants drawn by the State Comptroller
12 against their respective funds or appropriations based upon
13 vouchers stating the amount to be so contributed. These amounts
14 shall be based on the full rate certified by the Board under
15 Section 14-135.08 for that fiscal year. From the effective date
16 of this amendatory Act of the 93rd General Assembly through the
17 payment of the final payroll from fiscal year 2004
18 appropriations, the several departments shall not make
19 contributions for the remainder of fiscal year 2004 but shall
20 instead make payments as required under subsection (a-1) of
21 Section 14.1 of the State Finance Act. The several departments
22 shall resume those contributions at the commencement of fiscal
23 year 2005.

24 (d) If an employee is paid from trust funds or federal
25 funds, the department or other employer shall pay employer
26 contributions from those funds to the System at the certified
27 rate, unless the terms of the trust or the federal-State
28 agreement preclude the use of the funds for that purpose, in
29 which case the required employer contributions shall be paid by
30 the State. From the effective date of this amendatory Act of
31 the 93rd General Assembly through the payment of the final
32 payroll from fiscal year 2004 appropriations, the department or
33 other employer shall not pay contributions for the remainder of
34 fiscal year 2004 but shall instead make payments as required
35 under subsection (a-1) of Section 14.1 of the State Finance
36 Act. The department or other employer shall resume payment of

1 contributions at the commencement of fiscal year 2005.

2 (e) For State fiscal years 2011 through 2045, the minimum
3 contribution to the System to be made by the State for each
4 fiscal year shall be an amount determined by the System to be
5 sufficient to bring the total assets of the System up to 90% of
6 the total actuarial liabilities of the System by the end of
7 State fiscal year 2045. In making these determinations, the
8 required State contribution shall be calculated each year as a
9 level percentage of payroll over the years remaining to and
10 including fiscal year 2045 and shall be determined under the
11 projected unit credit actuarial cost method.

12 For State fiscal years 1996 through 2005 ~~2010~~, the State
13 contribution to the System, as a percentage of the applicable
14 employee payroll, shall be increased in equal annual increments
15 so that by State fiscal year 2011, the State is contributing at
16 the rate required under this Section; except that (i) for State
17 fiscal year 1998, for all purposes of this Code and any other
18 law of this State, the certified percentage of the applicable
19 employee payroll shall be 5.052% for employees earning eligible
20 creditable service under Section 14-110 and 6.500% for all
21 other employees, notwithstanding any contrary certification
22 made under Section 14-135.08 before the effective date of this
23 amendatory Act of 1997, and (ii) in the following specified
24 State fiscal years, the State contribution to the System shall
25 not be less than the following indicated percentages of the
26 applicable employee payroll, even if the indicated percentage
27 will produce a State contribution in excess of the amount
28 otherwise required under this subsection and subsection (a):
29 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
30 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

31 Notwithstanding any other provision of this Article, the
32 total required State contribution to the System for State
33 fiscal year 2006 is \$203,783,900.

34 Notwithstanding any other provision of this Article, the
35 total required State contribution to the System for State
36 fiscal year 2007 is \$344,164,400.

1 For each of State fiscal years 2008 through 2010, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 from the required State contribution for State fiscal year
5 2007, so that by State fiscal year 2011, the State is
6 contributing at the rate otherwise required under this Section.

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

11 Notwithstanding any other provision of this Section, the
12 required State contribution for State fiscal year 2005 and for
13 fiscal year 2008 and each fiscal year thereafter, as calculated
14 under this Section and certified under Section 14-135.08, shall
15 not exceed an amount equal to (i) the amount of the required
16 State contribution that would have been calculated under this
17 Section for that fiscal year if the System had not received any
18 payments under subsection (d) of Section 7.2 of the General
19 Obligation Bond Act, minus (ii) the portion of the State's
20 total debt service payments for that fiscal year on the bonds
21 issued for the purposes of that Section 7.2, as determined and
22 certified by the Comptroller, that is the same as the System's
23 portion of the total moneys distributed under subsection (d) of
24 Section 7.2 of the General Obligation Bond Act. In determining
25 this maximum for State fiscal years 2008 through 2010, however,
26 the amount referred to in item (i) shall be increased, as a
27 percentage of the applicable employee payroll, in equal
28 increments calculated from the sum of the required State
29 contribution for State fiscal year 2007 plus the applicable
30 portion of the State's total debt service payments for fiscal
31 year 2007 on the bonds issued for the purposes of Section 7.2
32 of the General Obligation Bond Act, so that, by State fiscal
33 year 2011, the State is contributing at the rate otherwise
34 required under this Section.

35 (f) After the submission of all payments for eligible
36 employees from personal services line items in fiscal year 2004

1 have been made, the Comptroller shall provide to the System a
2 certification of the sum of all fiscal year 2004 expenditures
3 for personal services that would have been covered by payments
4 to the System under this Section if the provisions of this
5 amendatory Act of the 93rd General Assembly had not been
6 enacted. Upon receipt of the certification, the System shall
7 determine the amount due to the System based on the full rate
8 certified by the Board under Section 14-135.08 for fiscal year
9 2004 in order to meet the State's obligation under this
10 Section. The System shall compare this amount due to the amount
11 received by the System in fiscal year 2004 through payments
12 under this Section and under Section 6z-61 of the State Finance
13 Act. If the amount due is more than the amount received, the
14 difference shall be termed the "Fiscal Year 2004 Shortfall" for
15 purposes of this Section, and the Fiscal Year 2004 Shortfall
16 shall be satisfied under Section 1.2 of the State Pension Funds
17 Continuing Appropriation Act. If the amount due is less than
18 the amount received, the difference shall be termed the "Fiscal
19 Year 2004 Overpayment" for purposes of this Section, and the
20 Fiscal Year 2004 Overpayment shall be repaid by the System to
21 the Pension Contribution Fund as soon as practicable after the
22 certification.

23 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04.)

24 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

25 Sec. 14-135.08. To certify required State contributions.

26 (a) To certify to the Governor and to each department, on
27 or before November 15 of each year, the required rate for State
28 contributions to the System for the next State fiscal year, as
29 determined under subsection (b) of Section 14-131. The
30 certification to the Governor shall include a copy of the
31 actuarial recommendations upon which the rate is based.

32 (b) The certification shall include an additional amount
33 necessary to pay all principal of and interest on those general
34 obligation bonds due the next fiscal year authorized by Section
35 7.2(a) of the General Obligation Bond Act and issued to provide

1 the proceeds deposited by the State with the System in July
2 2003, representing deposits other than amounts reserved under
3 Section 7.2(c) of the General Obligation Bond Act. For State
4 fiscal year 2005, the Board shall make a supplemental
5 certification of the additional amount necessary to pay all
6 principal of and interest on those general obligation bonds due
7 in State fiscal years 2004 and 2005 authorized by Section
8 7.2(a) of the General Obligation Bond Act and issued to provide
9 the proceeds deposited by the State with the System in July
10 2003, representing deposits other than amounts reserved under
11 Section 7.2(c) of the General Obligation Bond Act, as soon as
12 practical after the effective date of this amendatory Act of
13 the 93rd General Assembly.

14 On or before May 1, 2004, the Board shall recalculate and
15 recertify to the Governor and to each department the amount of
16 the required State contribution to the System and the required
17 rates for State contributions to the System for State fiscal
18 year 2005, taking into account the amounts appropriated to and
19 received by the System under subsection (d) of Section 7.2 of
20 the General Obligation Bond Act.

21 On or before July 1, 2005, the Board shall recalculate and
22 recertify to the Governor and to each department the amount of
23 the required State contribution to the System and the required
24 rates for State contributions to the System for State fiscal
25 year 2006, taking into account the changes in required State
26 contributions made by this amendatory Act of the 94th General
27 Assembly.

28 (Source: P.A. 93-2, eff. 4-7-03; 93-839, eff. 7-30-04.)

29 (40 ILCS 5/14-152.1 new)

30 Sec. 14-152.1. Application and expiration of new benefit
31 increases.

32 (a) As used in this Section, "new benefit increase" means
33 an increase in the amount of any benefit provided under this
34 Article, or an expansion of the conditions of eligibility for
35 any benefit under this Article, that results from an amendment

1 to this Code that takes effect after the effective date of this
2 amendatory Act of the 94th General Assembly.

3 (b) Notwithstanding any other provision of this Code or any
4 subsequent amendment to this Code, every new benefit increase
5 is subject to this Section and shall be deemed to be granted
6 only in conformance with and contingent upon compliance with
7 the provisions of this Section.

8 (c) The Public Act enacting a new benefit increase must
9 identify and provide for payment to the System of additional
10 funding at least sufficient to fund the resulting annual
11 increase in cost to the System as it accrues.

12 Every new benefit increase is contingent upon the General
13 Assembly providing the additional funding required under this
14 subsection. The Commission on Government Forecasting and
15 Accountability shall analyze whether adequate additional
16 funding has been provided for the new benefit increase and
17 shall report its analysis to the Public Pension Division of the
18 Department of Financial and Professional Regulation. A new
19 benefit increase created by a Public Act that does not include
20 the additional funding required under this subsection is null
21 and void. If the Public Pension Division determines that the
22 additional funding provided for a new benefit increase under
23 this subsection is or has become inadequate, it may so certify
24 to the Governor and the State Comptroller and, in the absence
25 of corrective action by the General Assembly, the new benefit
26 increase shall expire at the end of the fiscal year in which
27 the certification is made.

28 (d) Every new benefit increase shall expire 5 years after
29 its effective date or on such earlier date as may be specified
30 in the language enacting the new benefit increase or provided
31 under subsection (c). This does not prevent the General
32 Assembly from extending or re-creating a new benefit increase
33 by law.

34 (e) Except as otherwise provided in the language creating
35 the new benefit increase, a new benefit increase that expires
36 under this Section continues to apply to persons who applied

1 and qualified for the affected benefit while the new benefit
2 increase was in effect and to the affected beneficiaries and
3 alternate payees of such persons, but does not apply to any
4 other person, including without limitation a person who
5 continues in service after the expiration date and did not
6 apply and qualify for the affected benefit while the new
7 benefit increase was in effect.

8 (40 ILCS 5/15-125) (from Ch. 108 1/2, par. 15-125)

9 Sec. 15-125. "Prescribed Rate of Interest; Effective Rate
10 of Interest":

11 (1) "Prescribed rate of interest": The rate of interest to
12 be used in actuarial valuations and in development of actuarial
13 tables as determined by the board on the basis of the probable
14 average effective rate of interest on a long term basis.

15 (2) "Effective rate of interest": The interest rate for all
16 or any part of a fiscal year that is determined by the board
17 based on factors including the system's past and expected
18 investment experience; historical and expected fluctuations in
19 the market value of investments; the desirability of minimizing
20 volatility in the effective rate of interest from year to year;
21 and the provision of reserves for anticipated losses upon
22 sales, redemptions, or other disposition of investments and for
23 variations in interest experience; except that for the purpose
24 of determining the accumulated normal contributions used in
25 calculating retirement annuities under Rule 2 of Section
26 15-136, the effective rate of interest shall be determined by
27 the State Comptroller rather than the board. The State
28 Comptroller shall determine the effective rate of interest to
29 be used for this purpose using the factors listed above, and
30 shall certify to the board and the Commission on Government
31 Forecasting and Accountability the rate to be used for this
32 purpose for fiscal year 2006 as soon as possible after the
33 effective date of this amendatory Act of the 94th General
34 Assembly, and for each fiscal year thereafter no later than the
35 September 1 immediately preceding the start of that fiscal

1 year.

2 (3) The change made to this Section by Public Acts 90-65
3 and 90-511 ~~This amendatory Act of 1997~~ is a clarification of
4 existing law.

5 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

6 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

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

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

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

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

31 (ii) an annuity from employer contributions of an
32 amount equal to that which can be provided on an
33 actuarially equivalent basis from the accumulated normal
34 contributions made by the participant under Section
35 15-113.6 and Section 15-113.7 plus 1.4 times all other

1 accumulated normal contributions made by the participant;
2 and

3 (iii) the annuity that can be provided on an
4 actuarially equivalent basis from the entire contribution
5 made by the participant under Section 15-113.3.

6 With respect to a police officer or firefighter who retires
7 on or after August 14, 1998, the accumulated normal
8 contributions taken into account under clauses (i) and (ii) of
9 this Rule 2 shall include the additional normal contributions
10 made by the police officer or firefighter under Section
11 15-157(a).

12 The amount of a retirement annuity calculated under this
13 Rule 2 shall be computed solely on the basis of the
14 participant's accumulated normal contributions, as specified
15 in this Rule and defined in Section 15-116. Neither an employee
16 or employer contribution for early retirement under Section
17 15-136.2 nor any other employer contribution shall be used in
18 the calculation of the amount of a retirement annuity under
19 this Rule 2.

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

24 This Rule 2 does not apply to a person who first becomes an
25 employee under this Article on or after July 1, 2005.

26 Rule 3: The retirement annuity of a participant who is
27 employed at least one-half time during the period on which his
28 or her final rate of earnings is based, shall be equal to the
29 participant's years of service not to exceed 30, multiplied by
30 (1) \$96 if the participant's final rate of earnings is less
31 than \$3,500, (2) \$108 if the final rate of earnings is at least
32 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
33 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
34 the final rate of earnings is at least \$5,500 but less than
35 \$6,500, (5) \$144 if the final rate of earnings is at least
36 \$6,500 but less than \$7,500, (6) \$156 if the final rate of

1 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
2 the final rate of earnings is at least \$8,500 but less than
3 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
4 more, except that the annuity for those persons having made an
5 election under Section 15-154(a-1) shall be calculated and
6 payable under the portable retirement benefit program pursuant
7 to the provisions of Section 15-136.4.

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

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

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

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

34 Rule 5: The retirement annuity of a participant who elected
35 early retirement under the provisions of Section 15-136.2 and
36 who, on or before February 16, 1995, brought administrative

1 proceedings pursuant to the administrative rules adopted by the
2 System to challenge the calculation of his or her retirement
3 annuity shall be the sum of the following, determined from
4 amounts credited to the participant in accordance with the
5 actuarial tables and the prescribed rate of interest in effect
6 at the time the retirement annuity begins:

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

10 (ii) an annuity from employer contributions of an
11 amount equal to that which can be provided on an
12 actuarially equivalent basis from the accumulated normal
13 contributions made by the participant under Section
14 15-113.6 and Section 15-113.7 plus 1.4 times all other
15 accumulated normal contributions made by the participant;
16 and

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

24 In no event shall a retirement annuity under this Rule 5 be
25 lower than the amount obtained by adding (1) the monthly amount
26 obtained by dividing the combined employee and employer
27 contributions made under Section 15-136.2 by the System's
28 annuity factor for the age of the participant at the beginning
29 of the annuity payment period and (2) the amount equal to the
30 participant's annuity if calculated under Rule 1, reduced under
31 Section 15-136(b) as if no contributions had been made under
32 Section 15-136.2.

33 With respect to a participant who is qualified for a
34 retirement annuity under this Rule 5 whose retirement annuity
35 began before the effective date of this amendatory Act of the
36 91st General Assembly, and for whom an employee contribution

1 was made under Section 15-136.2, the System shall recalculate
2 the retirement annuity under this Rule 5 and shall pay any
3 additional amounts due in the manner provided in Section
4 15-186.1 for benefits mistakenly set too low.

5 The amount of a retirement annuity calculated under this
6 Rule 5 shall be computed solely on the basis of those
7 contributions specifically set forth in this Rule 5. Except as
8 provided in clause (iii) of this Rule 5, neither an employee
9 nor employer contribution for early retirement under Section
10 15-136.2, nor any other employer contribution, shall be used in
11 the calculation of the amount of a retirement annuity under
12 this Rule 5.

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

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

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

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

35 (2) For a participant who has at least the number of
36 years of service required to retire at any age under

1 subsection (a) of Section 15-135; or

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

8 (c) The maximum retirement annuity provided under Rules 1,
9 2, 4, and 5 shall be the lesser of (1) the annual limit of
10 benefits as specified in Section 415 of the Internal Revenue
11 Code of 1986, as such Section may be amended from time to time
12 and as such benefit limits shall be adjusted by the
13 Commissioner of Internal Revenue, and (2) 80% of final rate of
14 earnings.

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

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

32 The annuitant shall receive an increase in his or her
33 monthly retirement annuity on each January 1 thereafter during
34 the annuitant's life of 3% of the monthly annuity provided
35 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
36 this Section. The change made under this subsection by P.A.

1 81-970 is effective January 1, 1980 and applies to each
2 annuitant whose status as an employee terminates before or
3 after that date.

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

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

11 (e) If, on January 1, 1987, or the date the retirement
12 annuity payment period begins, whichever is later, the sum of
13 the retirement annuity provided under Rule 1 or Rule 2 of this
14 Section and the automatic annual increases provided under the
15 preceding subsection or Section 15-136.1, amounts to less than
16 the retirement annuity which would be provided by Rule 3, the
17 retirement annuity shall be increased as of January 1, 1987, or
18 the date the retirement annuity payment period begins,
19 whichever is later, to the amount which would be provided by
20 Rule 3 of this Section. Such increased amount shall be
21 considered as the retirement annuity in determining benefits
22 provided under other Sections of this Article. This paragraph
23 applies without regard to whether status as an employee
24 terminated before the effective date of this amendatory Act of
25 1987, provided that the annuitant was employed at least
26 one-half time during the period on which the final rate of
27 earnings was based.

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

35 (g) If, (1) by law, a function of a governmental unit, as
36 defined by Section 20-107 of this Code, is transferred in whole

1 or in part to an employer, and (2) a participant transfers
2 employment from such governmental unit to such employer within
3 6 months after the transfer of the function, and (3) the sum of
4 (A) the annuity payable to the participant under Rule 1, 2, or
5 3 of this Section (B) all proportional annuities payable to the
6 participant by all other retirement systems covered by Article
7 20, and (C) the initial primary insurance amount to which the
8 participant is entitled under the Social Security Act, is less
9 than the retirement annuity which would have been payable if
10 all of the participant's pension credits validated under
11 Section 20-109 had been validated under this system, a
12 supplemental annuity equal to the difference in such amounts
13 shall be payable to the participant.

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

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

27 (Source: P.A. 92-16, eff. 6-28-01; 93-347, eff. 7-24-03.)

28 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

29 Sec. 15-155. Employer contributions.

30 (a) The State of Illinois shall make contributions by
31 appropriations of amounts which, together with the other
32 employer contributions from trust, federal, and other funds,
33 employee contributions, income from investments, and other
34 income of this System, will be sufficient to meet the cost of
35 maintaining and administering the System on a 90% funded basis

1 in accordance with actuarial recommendations.

2 The Board shall determine the amount of State contributions
3 required for each fiscal year on the basis of the actuarial
4 tables and other assumptions adopted by the Board and the
5 recommendations of the actuary, using the formula in subsection
6 (a-1).

7 (a-1) For State fiscal years 2011 through 2045, the minimum
8 contribution to the System to be made by the State for each
9 fiscal year shall be an amount determined by the System to be
10 sufficient to bring the total assets of the System up to 90% of
11 the total actuarial liabilities of the System by the end of
12 State fiscal year 2045. In making these determinations, the
13 required State contribution shall be calculated each year as a
14 level percentage of payroll over the years remaining to and
15 including fiscal year 2045 and shall be determined under the
16 projected unit credit actuarial cost method.

17 For State fiscal years 1996 through 2005 ~~2010~~, the State
18 contribution to the System, as a percentage of the applicable
19 employee payroll, shall be increased in equal annual increments
20 so that by State fiscal year 2011, the State is contributing at
21 the rate required under this Section.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2006 is
24 \$166,641,900.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2007 is
27 \$252,064,100.

28 For each of State fiscal years 2008 through 2010, the State
29 contribution to the System, as a percentage of the applicable
30 employee payroll, shall be increased in equal annual increments
31 from the required State contribution for State fiscal year
32 2007, so that by State fiscal year 2011, the State is
33 contributing at the rate otherwise required under this Section.

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

1 actuarial liabilities of the System.

2 Notwithstanding any other provision of this Section, the
3 required State contribution for State fiscal year 2005 and for
4 fiscal year 2008 and each fiscal year thereafter, as calculated
5 under this Section and certified under Section 15-165, shall
6 not exceed an amount equal to (i) the amount of the required
7 State contribution that would have been calculated under this
8 Section for that fiscal year if the System had not received any
9 payments under subsection (d) of Section 7.2 of the General
10 Obligation Bond Act, minus (ii) the portion of the State's
11 total debt service payments for that fiscal year on the bonds
12 issued for the purposes of that Section 7.2, as determined and
13 certified by the Comptroller, that is the same as the System's
14 portion of the total moneys distributed under subsection (d) of
15 Section 7.2 of the General Obligation Bond Act. In determining
16 this maximum for State fiscal years 2008 through 2010, however,
17 the amount referred to in item (i) shall be increased, as a
18 percentage of the applicable employee payroll, in equal
19 increments calculated from the sum of the required State
20 contribution for State fiscal year 2007 plus the applicable
21 portion of the State's total debt service payments for fiscal
22 year 2007 on the bonds issued for the purposes of Section 7.2
23 of the General Obligation Bond Act, so that, by State fiscal
24 year 2011, the State is contributing at the rate otherwise
25 required under this Section.

26 (b) If an employee is paid from trust or federal funds, the
27 employer shall pay to the Board contributions from those funds
28 which are sufficient to cover the accruing normal costs on
29 behalf of the employee. However, universities having employees
30 who are compensated out of local auxiliary funds, income funds,
31 or service enterprise funds are not required to pay such
32 contributions on behalf of those employees. The local auxiliary
33 funds, income funds, and service enterprise funds of
34 universities shall not be considered trust funds for the
35 purpose of this Article, but funds of alumni associations,
36 foundations, and athletic associations which are affiliated

1 with the universities included as employers under this Article
2 and other employers which do not receive State appropriations
3 are considered to be trust funds for the purpose of this
4 Article.

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

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

29 (d) Beginning in State fiscal year 1996, the required State
30 contributions to the System shall be appropriated directly to
31 the System and shall be payable through vouchers issued in
32 accordance with subsection (c) of Section 15-165, except as
33 provided in subsection (g).

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

1 Code.

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

10 (g) If the amount of a participant's earnings for any
11 academic year used to determine the final rate of earnings
12 exceeds the amount of his or her earnings with the same
13 employer for the previous academic year by more than 6%, the
14 participant's employer shall pay to the System, in addition to
15 all other payments required under this Section and in
16 accordance with guidelines established by the System, the
17 present value of the increase in benefits resulting from the
18 portion of the increase in earnings that is in excess of 6%.
19 This present value shall be computed by the System on the basis
20 of the actuarial assumptions and tables used in the most recent
21 actuarial valuation of the System that is available at the time
22 of the computation. The employer contributions required under
23 this subsection (g) shall be paid in the form of a lump sum
24 within 30 days after receipt of the bill after the participant
25 begins receiving benefits under this Article.

26 The provisions of this subsection (g) do not apply to
27 earnings increases paid to participants under contracts or
28 collective bargaining agreements entered into, amended, or
29 renewed before the effective date of this amendatory Act of the
30 94th General Assembly.

31 (Source: P.A. 93-2, eff. 4-7-03.)

32 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)
33 Sec. 15-165. To certify amounts and submit vouchers.

34 (a) The Board shall certify to the Governor on or before
35 November 15 of each year the appropriation required from State

1 funds for the purposes of this System for the following fiscal
2 year. The certification shall include a copy of the actuarial
3 recommendations upon which it is based.

4 On or before May 1, 2004, the Board shall recalculate and
5 recertify to the Governor the amount of the required State
6 contribution to the System for State fiscal year 2005, taking
7 into account the amounts appropriated to and received by the
8 System under subsection (d) of Section 7.2 of the General
9 Obligation Bond Act.

10 On or before July 1, 2005, the Board shall recalculate and
11 recertify to the Governor the amount of the required State
12 contribution to the System for State fiscal year 2006, taking
13 into account the changes in required State contributions made
14 by this amendatory Act of the 94th General Assembly.

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

19 (c) Beginning in State fiscal year 1996, on or as soon as
20 possible after the 15th day of each month the Board shall
21 submit vouchers for payment of State contributions to the
22 System, in a total monthly amount of one-twelfth of the
23 required annual State contribution certified under subsection
24 (a). From the effective date of this amendatory Act of the 93rd
25 General Assembly through June 30, 2004, the Board shall not
26 submit vouchers for the remainder of fiscal year 2004 in excess
27 of the fiscal year 2004 certified contribution amount
28 determined under this Section after taking into consideration
29 the transfer to the System under subsection (b) of Section
30 6z-61 of the State Finance Act. These vouchers shall be paid by
31 the State Comptroller and Treasurer by warrants drawn on the
32 funds appropriated to the System for that fiscal year.

33 If in any month the amount remaining unexpended from all
34 other appropriations to the System for the applicable fiscal
35 year (including the appropriations to the System under Section
36 8.12 of the State Finance Act and Section 1 of the State

1 Pension Funds Continuing Appropriation Act) is less than the
2 amount lawfully vouchered under this Section, the difference
3 shall be paid from the General Revenue Fund under the
4 continuing appropriation authority provided in Section 1.1 of
5 the State Pension Funds Continuing Appropriation Act.

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

15 (e) In the event that the System does not receive, as a
16 result of legislative enactment or otherwise, payments
17 sufficient to fully fund the employer contribution to the
18 self-managed plan established under Section 15-158.2 and to
19 fully fund that portion of the employer's portion of the normal
20 costs of the System, as calculated in accordance with Section
21 15-155(a-1), then any payments received shall be applied
22 proportionately to the optional retirement program established
23 under Section 15-158.2 and to the employer's portion of the
24 normal costs of the System, as calculated in accordance with
25 Section 15-155(a-1).

26 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04.)

27 (40 ILCS 5/15-198 new)

28 Sec. 15-198. Application and expiration of new benefit
29 increases.

30 (a) As used in this Section, "new benefit increase" means
31 an increase in the amount of any benefit provided under this
32 Article, or an expansion of the conditions of eligibility for
33 any benefit under this Article, that results from an amendment
34 to this Code that takes effect after the effective date of this
35 amendatory Act of the 94th General Assembly.

1 (b) Notwithstanding any other provision of this Code or any
2 subsequent amendment to this Code, every new benefit increase
3 is subject to this Section and shall be deemed to be granted
4 only in conformance with and contingent upon compliance with
5 the provisions of this Section.

6 (c) The Public Act enacting a new benefit increase must
7 identify and provide for payment to the System of additional
8 funding at least sufficient to fund the resulting annual
9 increase in cost to the System as it accrues.

10 Every new benefit increase is contingent upon the General
11 Assembly providing the additional funding required under this
12 subsection. The Commission on Government Forecasting and
13 Accountability shall analyze whether adequate additional
14 funding has been provided for the new benefit increase and
15 shall report its analysis to the Public Pension Division of the
16 Department of Financial and Professional Regulation. A new
17 benefit increase created by a Public Act that does not include
18 the additional funding required under this subsection is null
19 and void. If the Public Pension Division determines that the
20 additional funding provided for a new benefit increase under
21 this subsection is or has become inadequate, it may so certify
22 to the Governor and the State Comptroller and, in the absence
23 of corrective action by the General Assembly, the new benefit
24 increase shall expire at the end of the fiscal year in which
25 the certification is made.

26 (d) Every new benefit increase shall expire 5 years after
27 its effective date or on such earlier date as may be specified
28 in the language enacting the new benefit increase or provided
29 under subsection (c). This does not prevent the General
30 Assembly from extending or re-creating a new benefit increase
31 by law.

32 (e) Except as otherwise provided in the language creating
33 the new benefit increase, a new benefit increase that expires
34 under this Section continues to apply to persons who applied
35 and qualified for the affected benefit while the new benefit
36 increase was in effect and to the affected beneficiaries and

1 alternate payees of such persons, but does not apply to any
2 other person, including without limitation a person who
3 continues in service after the expiration date and did not
4 apply and qualify for the affected benefit while the new
5 benefit increase was in effect.

6 (40 ILCS 5/16-128) (from Ch. 108 1/2, par. 16-128)

7 Sec. 16-128. Creditable service - required contributions.

8 (a) In order to receive the creditable service specified
9 under subsection (b) of Section 16-127, a member is required to
10 make the following contributions: (i) an amount equal to the
11 contributions which would have been required had such service
12 been rendered as a member under this System; (ii) for military
13 service not immediately following employment and for service
14 established under subdivision (b)(10) of Section 16-127, an
15 amount determined by the Board to be equal to the employer's
16 normal cost of the benefits accrued for such service; and (iii)
17 interest from the date the contributions would have been due
18 (or, in the case of a person establishing credit for military
19 service under subdivision (b)(3) of Section 16-127, the date of
20 first membership in the System, if that date is later) to the
21 date of payment, at the following rate of interest, compounded
22 annually: for periods prior to July 1, 1965, regular interest;
23 from July 1, 1965 to June 30, 1977, 4% per year; on and after
24 July 1, 1977, regular interest.

25 (b) In order to receive creditable service under paragraph
26 (2) of subsection (b) of Section 16-127 for those who were not
27 members on June 30, 1963, the minimum required contribution
28 shall be \$420 per year of service together with interest at 4%
29 per year compounded annually from July 1, preceding the date of
30 membership until June 30, 1977 and at regular interest
31 compounded annually thereafter to the date of payment.

32 (c) In determining the contribution required in order to
33 receive creditable service under paragraph (3) of subsection
34 (b) of Section 16-127, the salary rate for the remainder of the
35 school term in which a member enters military service shall be

1 assumed to be equal to the member's salary rate at the time of
2 entering military service. However, for military service not
3 immediately following employment, the salary rate on the last
4 date as a participating teacher prior to such military service,
5 or on the first date as a participating teacher after such
6 military service, whichever is greater, shall be assumed to be
7 equal to the member's salary rate at the time of entering
8 military service. For each school term thereafter, the member's
9 salary rate shall be assumed to be 5% higher than the salary
10 rate in the previous school term.

11 (d) In determining the contribution required in order to
12 receive creditable service under paragraph (5) of subsection
13 (b) of Section 16-127, a member's salary rate during the period
14 for which credit is being established shall be assumed to be
15 equal to the member's last salary rate immediately preceding
16 that period.

17 (d-5) For each year of service credit to be established
18 under subsection (b-1) of Section 16-127, a member is required
19 to contribute to the System (i) 16.5% of the annual salary rate
20 during the first year of full-time employment as a teacher
21 under this Article following the private school service, plus
22 (ii) interest thereon from the date of first full-time
23 employment as a teacher under this Article following the
24 private school service to the date of payment, compounded
25 annually, at the rate of 8.5% per year for periods before the
26 effective date of this amendatory Act of the 92nd General
27 Assembly, and for subsequent periods at a rate equal to the
28 System's actuarially assumed rate of return on investments.

29 (d-10) For service credit established under paragraph (6)
30 of subsection (b) of Section 16-127 for days granted by an
31 employer in excess of the member's normal annual sick leave
32 allotment, the employer is required to pay the normal cost of
33 benefits based upon such service credit. This subsection (d-10)
34 does not apply to sick leave granted to teachers under
35 contracts or collective bargaining agreements entered into,
36 amended, or renewed before the effective date of this

1 amendatory Act of the 94th General Assembly.

2 (e) The contributions required under this Section may be
3 made from the date the statement for such creditable service is
4 issued until retirement date. All such required contributions
5 must be made before any retirement annuity is granted.

6 (Source: P.A. 92-867, eff. 1-3-03.)

7 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

8 Sec. 16-133. Retirement annuity; amount.

9 (a) The amount of the retirement annuity shall be (i) in
10 the case of a person who first became a teacher under this
11 Article before July 1, 2005, the larger of the amounts
12 determined under paragraphs (A) and (B) below, or (ii) in the
13 case of a person who first becomes a teacher under this Article
14 on or after July 1, 2005, the amount determined under the
15 applicable provisions of paragraph (B):

16 (A) An amount consisting of the sum of the following:

17 (1) An amount that can be provided on an
18 actuarially equivalent basis by the member's
19 accumulated contributions at the time of retirement;
20 and

21 (2) The sum of (i) the amount that can be provided
22 on an actuarially equivalent basis by the member's
23 accumulated contributions representing service prior
24 to July 1, 1947, and (ii) the amount that can be
25 provided on an actuarially equivalent basis by the
26 amount obtained by multiplying 1.4 times the member's
27 accumulated contributions covering service subsequent
28 to June 30, 1947; and

29 (3) If there is prior service, 2 times the amount
30 that would have been determined under subparagraph (2)
31 of paragraph (A) above on account of contributions
32 which would have been made during the period of prior
33 service creditable to the member had the System been in
34 operation and had the member made contributions at the
35 contribution rate in effect prior to July 1, 1947.

1 This paragraph (A) does not apply to a person who first
2 becomes a teacher under this Article on or after July 1,
3 2005.

4 (B) An amount consisting of the greater of the
5 following:

6 (1) For creditable service earned before July 1,
7 1998 that has not been augmented under Section
8 16-129.1: 1.67% of final average salary for each of the
9 first 10 years of creditable service, 1.90% of final
10 average salary for each year in excess of 10 but not
11 exceeding 20, 2.10% of final average salary for each
12 year in excess of 20 but not exceeding 30, and 2.30% of
13 final average salary for each year in excess of 30; and

14 For creditable service earned on or after July 1,
15 1998 by a member who has at least 24 years of
16 creditable service on July 1, 1998 and who does not
17 elect to augment service under Section 16-129.1: 2.2%
18 of final average salary for each year of creditable
19 service earned on or after July 1, 1998 but before the
20 member reaches a total of 30 years of creditable
21 service and 2.3% of final average salary for each year
22 of creditable service earned on or after July 1, 1998
23 and after the member reaches a total of 30 years of
24 creditable service; and

25 For all other creditable service: 2.2% of final
26 average salary for each year of creditable service; or

27 (2) 1.5% of final average salary for each year of
28 creditable service plus the sum \$7.50 for each of the
29 first 20 years of creditable service.

30 The amount of the retirement annuity determined under this
31 paragraph (B) shall be reduced by 1/2 of 1% for each month
32 that the member is less than age 60 at the time the
33 retirement annuity begins. However, this reduction shall
34 not apply (i) if the member has at least 35 years of
35 creditable service, or (ii) if the member retires on
36 account of disability under Section 16-149.2 of this

1 Article with at least 20 years of creditable service, or
2 (iii) if the member (1) has earned during the period
3 immediately preceding the last day of service at least one
4 year of contributing creditable service as an employee of a
5 department as defined in Section 14-103.04, (2) has earned
6 at least 5 years of contributing creditable service as an
7 employee of a department as defined in Section 14-103.04,
8 (3) retires on or after January 1, 2001, and (4) retires
9 having attained an age which, when added to the number of
10 years of his or her total creditable service, equals at
11 least 85. Portions of years shall be counted as decimal
12 equivalents.

13 (b) For purposes of this Section, final average salary
14 shall be the average salary for the highest 4 consecutive years
15 within the last 10 years of creditable service as determined
16 under rules of the board. The minimum final average salary
17 shall be considered to be \$2,400 per year.

18 In the determination of final average salary for members
19 other than elected officials and their appointees when such
20 appointees are allowed by statute, that part of a member's
21 salary for any year beginning after June 30, 1979 which exceeds
22 the member's annual full-time salary rate with the same
23 employer for the preceding year by more than 20% shall be
24 excluded. The exclusion shall not apply in any year in which
25 the member's creditable earnings are less than 50% of the
26 preceding year's mean salary for downstate teachers as
27 determined by the survey of school district salaries provided
28 in Section 2-3.103 of the School Code.

29 (c) In determining the amount of the retirement annuity
30 under paragraph (B) of this Section, a fractional year shall be
31 granted proportional credit.

32 (d) The retirement annuity determined under paragraph (B)
33 of this Section shall be available only to members who render
34 teaching service after July 1, 1947 for which member
35 contributions are required, and to annuitants who re-enter
36 under the provisions of Section 16-150.

1 (e) The maximum retirement annuity provided under
2 paragraph (B) of this Section shall be 75% of final average
3 salary.

4 (f) A member retiring after the effective date of this
5 amendatory Act of 1998 shall receive a pension equal to 75% of
6 final average salary if the member is qualified to receive a
7 retirement annuity equal to at least 74.6% of final average
8 salary under this Article or as proportional annuities under
9 Article 20 of this Code.

10 (Source: P.A. 90-582, eff. 5-27-98; 91-17, eff. 6-4-99; 91-887,
11 eff. 7-6-00; 91-927, eff. 12-14-00.)

12 (40 ILCS 5/16-133.2) (from Ch. 108 1/2, par. 16-133.2)

13 Sec. 16-133.2. Early retirement without discount.

14 (a) A member retiring after June 1, 1980 and on or before
15 June 30, 2005 (or as provided in subsection (b) of this
16 Section), and applying for a retirement annuity within 6 months
17 of the last day of teaching for which retirement contributions
18 were required, may elect at the time of application for a
19 retirement annuity, to make a one time member contribution to
20 the System and thereby avoid the reduction in the retirement
21 annuity for retirement before age 60 specified in paragraph (B)
22 of Section 16-133. The exercise of the election shall also
23 obligate the last employer to make a one time non-refundable
24 contribution to the System. Substitute teachers wishing to
25 exercise this election must teach 85 or more days in one school
26 term with one employer, who shall be deemed the last employer
27 for purposes of this Section. The last day of teaching with
28 that employer must be within 6 months of the date of
29 application for retirement. All substitute teaching credit
30 applied toward the required 85 days must be earned after June
31 30, 1990.

32 The one time member and employer contributions shall be a
33 percentage of the retiring member's highest annual salary rate
34 used in the determination of the average salary for retirement
35 annuity purposes. However, when determining the one-time

1 member and employer contributions, that part of a member's
2 salary with the same employer which exceeds the annual salary
3 rate for the preceding year by more than 20% shall be excluded.
4 The member contribution shall be at the rate of 7% for the
5 lesser of the following 2 periods: (1) for each year that the
6 member is less than age 60; or (2) for each year that the
7 member's creditable service is less than 35 years. If a member
8 is at least age 55 and has at least 34 years of creditable
9 service, no member or employer contribution for the early
10 retirement option shall be required. The employer contribution
11 shall be at the rate of 20% for each year the member is under
12 age 60.

13 Upon receipt of the application and election, the System
14 shall determine the one time employee and employer
15 contributions required. The member contribution shall be
16 credited to the individual account of the member and the
17 employer contribution shall be credited to the Benefit Trust
18 Reserve. The provisions of this subsection (a) providing for
19 the avoidance of the reduction in retirement annuity Section
20 shall not be applicable until the member's contribution, if
21 any, has been received by the System; however, the date such
22 contributions are received shall not be considered in
23 determining the effective date of retirement.

24 The number of members working for a single employer who may
25 retire under this subsection or subsection (b) Section in any
26 year may be limited at the option of the employer to a
27 specified percentage of those eligible, not less than 30%, with
28 the right to participate to be allocated among those applying
29 on the basis of seniority in the service of the employer.

30 (b) The provisions of subsection (a) of this Section shall
31 remain in effect for a member retiring after June 30, 2005 and
32 on or before July 1, 2007, provided that the member satisfies
33 both of the following requirements:

34 (1) the member notified his or her employer of intent
35 to retire under this Article on or before the effective
36 date of this amendatory Act of the 94th General Assembly

1 under the terms of a contract or collective bargaining
2 agreement entered into, amended, or renewed with the
3 employer on or before the effective date of this amendatory
4 Act of the 94th General Assembly; and

5 (2) the effective date of the member's retirement is on
6 or before July 1, 2007.

7 The member's employer must give evidence of the member's
8 notification by providing to the System:

9 (i) a copy of the member's notification to the employer
10 or the record of that notification;

11 (ii) an affidavit signed by the member and the
12 employer, verifying the notification; and

13 (iii) any additional documentation that the System may
14 require.

15 (c) Except as otherwise provided in subsection (b), and
16 subject to the provisions of Section 16-176, a member retiring
17 on or after July 1, 2005, and applying for a retirement annuity
18 within 6 months of the last day of teaching for which
19 retirement contributions were required, may elect at the time
20 of application for a retirement annuity, to make a one-time
21 member contribution to the System and thereby avoid the
22 reduction in the retirement annuity for retirement before age
23 60 specified in paragraph (B) of Section 16-133. The exercise
24 of the election shall also obligate the last employer to make a
25 one-time nonrefundable contribution to the System. Substitute
26 teachers wishing to exercise this election must teach 85 or
27 more days in one school term with one employer, who shall be
28 deemed the last employer for purposes of this Section. The last
29 day of teaching with that employer must be within 6 months of
30 the date of application for retirement. All substitute teaching
31 credit applied toward the required 85 days must be earned after
32 June 30, 1990.

33 The one-time member and employer contributions shall be a
34 percentage of the retiring member's highest annual salary rate
35 used in the determination of the average salary for retirement
36 annuity purposes. However, when determining the one-time

1 member and employer contributions, that part of a member's
2 salary with the same employer which exceeds the annual salary
3 rate for the preceding year by more than 20% shall be excluded.
4 The member contribution shall be at the rate of 11.5% for the
5 lesser of the following 2 periods: (1) for each year that the
6 member is less than age 60; or (2) for each year that the
7 member's creditable service is less than 35 years. The employer
8 contribution shall be at the rate of 23.5% for each year the
9 member is under age 60.

10 Upon receipt of the application and election, the System
11 shall determine the one-time employee and employer
12 contributions required. The member contribution shall be
13 credited to the individual account of the member and the
14 employer contribution shall be credited to the Benefit Trust
15 Reserve. The avoidance of the reduction in retirement annuity
16 provided under this subsection (c) is not applicable until the
17 member's contribution, if any, has been received by the System;
18 however, the date that contribution is received shall not be
19 considered in determining the effective date of retirement.

20 The number of members working for a single employer who may
21 retire under this subsection (c) in any year may be limited at
22 the option of the employer to a specified percentage of those
23 eligible, not less than 10%, with the right to participate to
24 be allocated among those applying on the basis of seniority in
25 the service of the employer.

26 (Source: P.A. 93-469, eff. 8-8-03.)

27 (40 ILCS 5/16-133.3) (from Ch. 108 1/2, par. 16-133.3)

28 Sec. 16-133.3. Early retirement incentives for State
29 employees.

30 (a) To be eligible for the benefits provided in this
31 Section, a person must:

32 (1) be a member of this System who, on any day during
33 June, 2002, is (i) in active payroll status as a full-time
34 teacher employed by a department and an active contributor
35 to this System with respect to that employment, or (ii) on

1 layoff status from such a position with a right of
2 re-employment or recall to service, or (iii) receiving a
3 disability benefit under Section 16-149 or 16-149.1, but
4 only if the member has not been receiving that benefit for
5 a continuous period of more than 2 years as of the date of
6 application;

7 (2) not have received any retirement annuity under this
8 Article beginning earlier than August 1, 2002;

9 (3) file with the Board on or before December 31, 2002
10 a written application requesting the benefits provided in
11 this Section;

12 (4) terminate employment under this Article no later
13 than December 31, 2002 (or the date established under
14 subsection (d), if applicable);

15 (5) by the date of termination of service, have at
16 least 8 years of creditable service under this Article,
17 without the use of any creditable service established under
18 this Section;

19 (6) by the date of termination of service, have at
20 least 5 years of service credit earned while participating
21 in the System as a teacher employed by a department; and

22 (7) not receive any early retirement benefit under
23 Section 14-108.3 of this Code.

24 For the purposes of this Section, "department" means a
25 department as defined in Section 14-103.04 that employs a
26 teacher as defined in this Article.

27 (b) An eligible person may establish up to 5 years of
28 creditable service under this Article by making the
29 contributions specified in subsection (c). In addition, for
30 each period of creditable service established under this
31 Section, a person's age at retirement shall be deemed to be
32 enhanced by an equivalent period.

33 The creditable service established under this Section may
34 be used for all purposes under this Article and the Retirement
35 Systems Reciprocal Act, except for the computation of final
36 average salary, the determination of salary or compensation

1 under this Article or any other Article of this Code, or the
2 determination of eligibility for or the computation of benefits
3 under Section 16-133.2.

4 The age enhancement established under this Section may be
5 used for all purposes under this Article (including calculation
6 of a proportionate annuity payable by this System under the
7 Retirement Systems Reciprocal Act), except for purposes of a
8 retirement annuity under Section 16-133(a) (A), a reversionary
9 annuity under Section 16-136, the required distributions under
10 Section 16-142.3, and the determination of eligibility for or
11 the computation of benefits under Section 16-133.2. Age
12 enhancement established under this Section may be used in
13 determining benefits payable under Article 14 of this Code
14 under the Retirement Systems Reciprocal Act (subject to the
15 limitations on the use of age enhancement provided in Section
16 14-108.3); age enhancement established under this Section
17 shall not be used in determining benefits payable under other
18 Articles of this Code under the Retirement Systems Reciprocal
19 Act.

20 (c) For all creditable service established under this
21 Section, a person must pay to the System an employee
22 contribution to be determined by the System, equal to 9.0% of
23 the member's highest annual salary rate that would be used in
24 the determination of the average salary for retirement annuity
25 purposes if the member retired immediately after withdrawal,
26 for each year of creditable service established under this
27 Section.

28 If the member receives a lump sum payment for accumulated
29 vacation, sick leave, and personal leave upon withdrawal from
30 service, and the net amount of that lump sum payment is at
31 least as great as the amount of the contribution required under
32 this Section, the entire contribution must be paid by the
33 employee by payroll deduction. If there is no such lump sum
34 payment, or if it is less than the contribution required under
35 this Section, the member shall make an initial payment by
36 payroll deduction, equal to the net amount of the lump sum

1 payment for accumulated vacation, sick leave, and personal
2 leave, and have the remaining amount due treated as a reduction
3 from the retirement annuity in 24 equal monthly installments
4 beginning in the month in which the retirement annuity takes
5 effect. The required contribution may be paid as a pre-tax
6 deduction from earnings.

7 (d) In order to ensure that the efficient operation of
8 State government is not jeopardized by the simultaneous
9 retirement of large numbers of key personnel, the director or
10 other head of a department may, for key employees of that
11 department, extend the December 31, 2002 deadline for
12 terminating employment under this Article established in
13 subdivision (a)(4) of this Section to a date not later than
14 April 30, 2003 by so notifying the System in writing by
15 December 31, 2002.

16 (e) A person who has received any age enhancement or
17 creditable service under this Section and who reenters
18 contributing service under this Article or Article 14 shall
19 thereby forfeit that age enhancement and creditable service,
20 and become entitled to a refund of the contributions made
21 pursuant to this Section.

22 (f) The System shall determine the amount of the increase
23 in the present value of future benefits resulting from the
24 granting of early retirement incentives under this Section and
25 shall report that amount to the Governor and the Commission on
26 Government Forecasting and Accountability on or after the
27 effective date of this amendatory Act of the 93rd General
28 Assembly and on or before November 15, 2004. Beginning with
29 State fiscal year 2008, the ~~The~~ increase in liability reported
30 under this subsection (f) shall ~~not~~ be included in the
31 calculation of the required State contribution under Section
32 16-158.

33 (g) In addition to the contributions otherwise required
34 under this Article, the State shall appropriate and pay to the
35 System ~~(1)~~ an amount equal to \$1,000,000 in State fiscal year
36 2004 ~~and (2) in each of State fiscal years 2006 through 2015, a~~

1 ~~level dollar payment based upon the increase in the present~~
2 ~~value of future benefits provided by the early retirement~~
3 ~~incentives provided under this Section amortized at 8.5%~~
4 ~~interest.~~

5 (h) The Pension Laws Commission (or its successor, the
6 Commission on Government Forecasting and Accountability) shall
7 determine and report to the General Assembly, on or before
8 January 1, 2004 and annually thereafter through the year 2013,
9 its estimate of (1) the annual amount of payroll savings likely
10 to be realized by the State as a result of the early retirement
11 of persons receiving early retirement incentives under this
12 Section and (2) the net annual savings or cost to the State
13 from the program of early retirement incentives created under
14 this Section.

15 The System, the Department of Central Management Services,
16 the Governor's Office of Management and Budget (formerly Bureau
17 of the Budget), and all other departments shall provide to the
18 Commission any assistance that the Commission may request with
19 respect to its reports under this Section. The Commission may
20 require departments to provide it with any information that it
21 deems necessary or useful with respect to its reports under
22 this Section, including without limitation information about
23 (1) the final earnings of former department employees who
24 elected to receive benefits under this Section, (2) the
25 earnings of current department employees holding the positions
26 vacated by persons who elected to receive benefits under this
27 Section, and (3) positions vacated by persons who elected to
28 receive benefits under this Section that have not yet been
29 refilled.

30 (i) The changes made to this Section by this amendatory Act
31 of the 92nd General Assembly do not apply to persons who
32 retired under this Section on or before May 1, 1992.

33 (Source: P.A. 92-566, eff. 6-25-02; 93-632, eff. 2-1-04;
34 93-839, eff. 7-30-04; 93-1067, eff. 1-15-05.)

1 Sec. 16-152. Contributions by members.

2 (a) Each member shall make contributions for membership
3 service to this System as follows:

4 (1) Effective July 1, 1998, contributions of 7.50% of
5 salary towards the cost of the retirement annuity. Such
6 contributions shall be deemed "normal contributions".

7 (2) Effective July 1, 1969, contributions of 1/2 of 1%
8 of salary toward the cost of the automatic annual increase
9 in retirement annuity provided under Section 16-133.1.

10 (3) Effective July 24, 1959, contributions of 1% of
11 salary towards the cost of survivor benefits. Such
12 contributions shall not be credited to the individual
13 account of the member and shall not be subject to refund
14 except as provided under Section 16-143.2.

15 (4) Effective July 1, 2005, contributions of 0.40% of
16 salary toward the cost of the early retirement without
17 discount option provided under Section 16-133.2. This
18 contribution shall cease upon termination of the early
19 retirement without discount option as provided in Section
20 16-176.

21 (b) The minimum required contribution for any year of
22 full-time teaching service shall be \$192.

23 (c) Contributions shall not be required of any annuitant
24 receiving a retirement annuity who is given employment as
25 permitted under Section 16-118 or 16-150.1.

26 (d) A person who (i) was a member before July 1, 1998, (ii)
27 retires with more than 34 years of creditable service, and
28 (iii) does not elect to qualify for the augmented rate under
29 Section 16-129.1 shall be entitled, at the time of retirement,
30 to receive a partial refund of contributions made under this
31 Section for service occurring after the later of June 30, 1998
32 or attainment of 34 years of creditable service, in an amount
33 equal to 1.00% of the salary upon which those contributions
34 were based.

35 (e) A member's contributions toward the cost of early
36 retirement without discount made under item (a)(4) of this

1 Section shall not be refunded if the member has elected early
2 retirement without discount under Section 16-133.2 and has
3 begun to receive a retirement annuity under this Article
4 calculated in accordance with that election. Otherwise, a
5 member's contributions toward the cost of early retirement
6 without discount made under item (a)(4) of this Section shall
7 be refunded according to whichever one of the following
8 circumstances occurs first:

9 (1) The contributions shall be refunded to the member,
10 without interest, within 120 days after the member's
11 retirement annuity commences, if the member does not elect
12 early retirement without discount under Section 16-133.2.

13 (2) The contributions shall be included, without
14 interest, in any refund claimed by the member under Section
15 16-151.

16 (3) The contributions shall be refunded to the member's
17 designated beneficiary (or if there is no beneficiary, to
18 the member's estate), without interest, if the member dies
19 without having begun to receive a retirement annuity under
20 this Article.

21 (4) The contributions shall be refunded to the member,
22 without interest, within 120 days after the early
23 retirement without discount option provided under Section
24 16-133.2 is terminated under Section 16-176.

25 (Source: P.A. 93-320, eff. 7-23-03.)

26 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)
27 Sec. 16-158. Contributions by State and other employing
28 units.

29 (a) The State shall make contributions to the System by
30 means of appropriations from the Common School Fund and other
31 State funds of amounts which, together with other employer
32 contributions, employee contributions, investment income, and
33 other income, will be sufficient to meet the cost of
34 maintaining and administering the System on a 90% funded basis
35 in accordance with actuarial recommendations.

1 The Board shall determine the amount of State contributions
2 required for each fiscal year on the basis of the actuarial
3 tables and other assumptions adopted by the Board and the
4 recommendations of the actuary, using the formula in subsection
5 (b-3).

6 (a-1) Annually, on or before November 15, the Board shall
7 certify to the Governor the amount of the required State
8 contribution for the coming fiscal year. The certification
9 shall include a copy of the actuarial recommendations upon
10 which it is based.

11 On or before May 1, 2004, the Board shall recalculate and
12 recertify to the Governor the amount of the required State
13 contribution to the System for State fiscal year 2005, taking
14 into account the amounts appropriated to and received by the
15 System under subsection (d) of Section 7.2 of the General
16 Obligation Bond Act.

17 On or before July 1, 2005, the Board shall recalculate and
18 recertify to the Governor the amount of the required State
19 contribution to the System for State fiscal year 2006, taking
20 into account the changes in required State contributions made
21 by this amendatory Act of the 94th General Assembly.

22 (b) Through State fiscal year 1995, the State contributions
23 shall be paid to the System in accordance with Section 18-7 of
24 the School Code.

25 (b-1) Beginning in State fiscal year 1996, on the 15th day
26 of each month, or as soon thereafter as may be practicable, the
27 Board shall submit vouchers for payment of State contributions
28 to the System, in a total monthly amount of one-twelfth of the
29 required annual State contribution certified under subsection
30 (a-1). From the effective date of this amendatory Act of the
31 93rd General Assembly through June 30, 2004, the Board shall
32 not submit vouchers for the remainder of fiscal year 2004 in
33 excess of the fiscal year 2004 certified contribution amount
34 determined under this Section after taking into consideration
35 the transfer to the System under subsection (a) of Section
36 6z-61 of the State Finance Act. These vouchers shall be paid by

1 the State Comptroller and Treasurer by warrants drawn on the
2 funds appropriated to the System for that fiscal year.

3 If in any month the amount remaining unexpended from all
4 other appropriations to the System for the applicable fiscal
5 year (including the appropriations to the System under Section
6 8.12 of the State Finance Act and Section 1 of the State
7 Pension Funds Continuing Appropriation Act) is less than the
8 amount lawfully vouchered under this subsection, the
9 difference shall be paid from the Common School Fund under the
10 continuing appropriation authority provided in Section 1.1 of
11 the State Pension Funds Continuing Appropriation Act.

12 (b-2) Allocations from the Common School Fund apportioned
13 to school districts not coming under this System shall not be
14 diminished or affected by the provisions of this Article.

15 (b-3) For State fiscal years 2011 through 2045, the minimum
16 contribution to the System to be made by the State for each
17 fiscal year shall be an amount determined by the System to be
18 sufficient to bring the total assets of the System up to 90% of
19 the total actuarial liabilities of the System by the end of
20 State fiscal year 2045. In making these determinations, the
21 required State contribution shall be calculated each year as a
22 level percentage of payroll over the years remaining to and
23 including fiscal year 2045 and shall be determined under the
24 projected unit credit actuarial cost method.

25 For State fiscal years 1996 through 2005 ~~2010~~, the State
26 contribution to the System, as a percentage of the applicable
27 employee payroll, shall be increased in equal annual increments
28 so that by State fiscal year 2011, the State is contributing at
29 the rate required under this Section; except that in the
30 following specified State fiscal years, the State contribution
31 to the System shall not be less than the following indicated
32 percentages of the applicable employee payroll, even if the
33 indicated percentage will produce a State contribution in
34 excess of the amount otherwise required under this subsection
35 and subsection (a), and notwithstanding any contrary
36 certification made under subsection (a-1) before the effective

1 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
2 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
3 2003; and 13.56% in FY 2004.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2006 is
6 \$534,627,700.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2007 is
9 \$738,014,500.

10 For each of State fiscal years 2008 through 2010, the State
11 contribution to the System, as a percentage of the applicable
12 employee payroll, shall be increased in equal annual increments
13 from the required State contribution for State fiscal year
14 2007, so that by State fiscal year 2011, the State is
15 contributing at the rate otherwise required under this Section.

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

20 Notwithstanding any other provision of this Section, the
21 required State contribution for State fiscal year 2005 and for
22 fiscal year 2008 and each fiscal year thereafter, as calculated
23 under this Section and certified under subsection (a-1), shall
24 not exceed an amount equal to (i) the amount of the required
25 State contribution that would have been calculated under this
26 Section for that fiscal year if the System had not received any
27 payments under subsection (d) of Section 7.2 of the General
28 Obligation Bond Act, minus (ii) the portion of the State's
29 total debt service payments for that fiscal year on the bonds
30 issued for the purposes of that Section 7.2, as determined and
31 certified by the Comptroller, that is the same as the System's
32 portion of the total moneys distributed under subsection (d) of
33 Section 7.2 of the General Obligation Bond Act. In determining
34 this maximum for State fiscal years 2008 through 2010, however,
35 the amount referred to in item (i) shall be increased, as a
36 percentage of the applicable employee payroll, in equal

1 increments calculated from the sum of the required State
2 contribution for State fiscal year 2007 plus the applicable
3 portion of the State's total debt service payments for fiscal
4 year 2007 on the bonds issued for the purposes of Section 7.2
5 of the General Obligation Bond Act, so that, by State fiscal
6 year 2011, the State is contributing at the rate otherwise
7 required under this Section.

8 (c) Payment of the required State contributions and of all
9 pensions, retirement annuities, death benefits, refunds, and
10 other benefits granted under or assumed by this System, and all
11 expenses in connection with the administration and operation
12 thereof, are obligations of the State.

13 If members are paid from special trust or federal funds
14 which are administered by the employing unit, whether school
15 district or other unit, the employing unit shall pay to the
16 System from such funds the full accruing retirement costs based
17 upon that service, as determined by the System. Employer
18 contributions, based on salary paid to members from federal
19 funds, may be forwarded by the distributing agency of the State
20 of Illinois to the System prior to allocation, in an amount
21 determined in accordance with guidelines established by such
22 agency and the System.

23 (d) Effective July 1, 1986, any employer of a teacher as
24 defined in paragraph (8) of Section 16-106 shall pay the
25 employer's normal cost of benefits based upon the teacher's
26 service, in addition to employee contributions, as determined
27 by the System. Such employer contributions shall be forwarded
28 monthly in accordance with guidelines established by the
29 System.

30 However, with respect to benefits granted under Section
31 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
32 of Section 16-106, the employer's contribution shall be 12%
33 (rather than 20%) of the member's highest annual salary rate
34 for each year of creditable service granted, and the employer
35 shall also pay the required employee contribution on behalf of
36 the teacher. For the purposes of Sections 16-133.4 and

1 16-133.5, a teacher as defined in paragraph (8) of Section
2 16-106 who is serving in that capacity while on leave of
3 absence from another employer under this Article shall not be
4 considered an employee of the employer from which the teacher
5 is on leave.

6 (e) Beginning July 1, 1998, every employer of a teacher
7 shall pay to the System an employer contribution computed as
8 follows:

9 (1) Beginning July 1, 1998 through June 30, 1999, the
10 employer contribution shall be equal to 0.3% of each
11 teacher's salary.

12 (2) Beginning July 1, 1999 and thereafter, the employer
13 contribution shall be equal to 0.58% of each teacher's
14 salary.

15 The school district or other employing unit may pay these
16 employer contributions out of any source of funding available
17 for that purpose and shall forward the contributions to the
18 System on the schedule established for the payment of member
19 contributions.

20 These employer contributions are intended to offset a
21 portion of the cost to the System of the increases in
22 retirement benefits resulting from this amendatory Act of 1998.

23 Each employer of teachers is entitled to a credit against
24 the contributions required under this subsection (e) with
25 respect to salaries paid to teachers for the period January 1,
26 2002 through June 30, 2003, equal to the amount paid by that
27 employer under subsection (a-5) of Section 6.6 of the State
28 Employees Group Insurance Act of 1971 with respect to salaries
29 paid to teachers for that period.

30 The additional 1% employee contribution required under
31 Section 16-152 by this amendatory Act of 1998 is the
32 responsibility of the teacher and not the teacher's employer,
33 unless the employer agrees, through collective bargaining or
34 otherwise, to make the contribution on behalf of the teacher.

35 If an employer is required by a contract in effect on May
36 1, 1998 between the employer and an employee organization to

1 pay, on behalf of all its full-time employees covered by this
2 Article, all mandatory employee contributions required under
3 this Article, then the employer shall be excused from paying
4 the employer contribution required under this subsection (e)
5 for the balance of the term of that contract. The employer and
6 the employee organization shall jointly certify to the System
7 the existence of the contractual requirement, in such form as
8 the System may prescribe. This exclusion shall cease upon the
9 termination, extension, or renewal of the contract at any time
10 after May 1, 1998.

11 (f) If the amount of a teacher's salary for any school year
12 used to determine final average salary exceeds the amount of
13 his or her salary with the same employer for the previous
14 school year by more than 6%, the teacher's employer shall pay
15 to the System, in addition to all other payments required under
16 this Section and in accordance with guidelines established by
17 the System, the present value of the increase in benefits
18 resulting from the portion of the increase in salary that is in
19 excess of 6%. This present value shall be computed by the
20 System on the basis of the actuarial assumptions and tables
21 used in the most recent actuarial valuation of the System that
22 is available at the time of the computation. The employer
23 contributions required under this subsection (f) shall be paid
24 in the form of a lump sum within 30 days after receipt of the
25 bill after the teacher begins receiving benefits under this
26 Article.

27 The provisions of this subsection (f) do not apply to
28 salary increases paid to teachers under contracts or collective
29 bargaining agreements entered into, amended, or renewed before
30 the effective date of this amendatory Act of the 94th General
31 Assembly.

32 (Source: P.A. 92-505, eff. 12-20-01; 93-2, eff. 4-7-03; 93-665,
33 eff. 3-5-04.)

34 (40 ILCS 5/16-176) (from Ch. 108 1/2, par. 16-176)

35 Sec. 16-176. To adopt actuarial assumptions. For the 5-year

1 period ending June 30, 1997 and every 5 years thereafter, the
2 actuary, as technical advisor, shall make an actuarial
3 investigation into the mortality, service and compensation
4 experience of the members, annuitants, and beneficiaries of the
5 retirement system. Based upon the result of that investigation,
6 the board shall adopt such actuarial assumptions as it deems
7 appropriate.

8 Beginning with the 5-year period ending June 30, 2012 and
9 every 5 years thereafter, the actuarial investigation required
10 under this Section shall include the System's experience under
11 the early retirement without discount option established in
12 Section 16-133.2, including consideration of the sufficiency
13 of the member and employer contributions under Section 16-133.2
14 and the active member contribution under Section 16-152 to
15 adequately fund the early retirement without discount option.
16 The Board shall promptly communicate the results of the
17 actuarial investigation to the Commission on Government
18 Forecasting and Accountability. Based on the actuarial
19 investigation, the Commission on Government Forecasting and
20 Accountability shall, no later than February 1 of the next
21 year, recommend to the General Assembly any proportional
22 adjustment in the amounts of the member and employer
23 contributions under Section 16-133.2 that it deems necessary.
24 If the General Assembly fails to adjust the member and employer
25 contributions under Section 16-133.2 in response to the
26 Commission's recommendations, then the early retirement
27 without discount option under Section 16-133.2 is terminated
28 and shall cease to be available at the end of the fiscal year
29 in which the Commission made its recommendation to the General
30 Assembly.

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

32 (40 ILCS 5/16-203 new)

33 Sec. 16-203. Application and expiration of new benefit
34 increases.

35 (a) As used in this Section, "new benefit increase" means

1 an increase in the amount of any benefit provided under this
2 Article, or an expansion of the conditions of eligibility for
3 any benefit under this Article, that results from an amendment
4 to this Code that takes effect after the effective date of this
5 amendatory Act of the 94th General Assembly.

6 (b) Notwithstanding any other provision of this Code or any
7 subsequent amendment to this Code, every new benefit increase
8 is subject to this Section and shall be deemed to be granted
9 only in conformance with and contingent upon compliance with
10 the provisions of this Section.

11 (c) The Public Act enacting a new benefit increase must
12 identify and provide for payment to the System of additional
13 funding at least sufficient to fund the resulting annual
14 increase in cost to the System as it accrues.

15 Every new benefit increase is contingent upon the General
16 Assembly providing the additional funding required under this
17 subsection. The Commission on Government Forecasting and
18 Accountability shall analyze whether adequate additional
19 funding has been provided for the new benefit increase and
20 shall report its analysis to the Public Pension Division of the
21 Department of Financial and Professional Regulation. A new
22 benefit increase created by a Public Act that does not include
23 the additional funding required under this subsection is null
24 and void. If the Public Pension Division determines that the
25 additional funding provided for a new benefit increase under
26 this subsection is or has become inadequate, it may so certify
27 to the Governor and the State Comptroller and, in the absence
28 of corrective action by the General Assembly, the new benefit
29 increase shall expire at the end of the fiscal year in which
30 the certification is made.

31 (d) Every new benefit increase shall expire 5 years after
32 its effective date or on such earlier date as may be specified
33 in the language enacting the new benefit increase or provided
34 under subsection (c). This does not prevent the General
35 Assembly from extending or re-creating a new benefit increase
36 by law.

1 (e) Except as otherwise provided in the language creating
2 the new benefit increase, a new benefit increase that expires
3 under this Section continues to apply to persons who applied
4 and qualified for the affected benefit while the new benefit
5 increase was in effect and to the affected beneficiaries and
6 alternate payees of such persons, but does not apply to any
7 other person, including without limitation a person who
8 continues in service after the expiration date and did not
9 apply and qualify for the affected benefit while the new
10 benefit increase was in effect.

11 (40 ILCS 5/17-116.1) (from Ch. 108 1/2, par. 17-116.1)

12 Sec. 17-116.1. Early retirement without discount.

13 (a) A member retiring after June 1, 1980 and before June
14 30, 1995 and within 6 months of the last day of teaching for
15 which retirement contributions were required, may elect at the
16 time of application to make a one time employee contribution to
17 the system and thereby avoid the early retirement reduction in
18 allowance specified in paragraph (4) of Section 17-116 of this
19 Article. The exercise of the election shall obligate the last
20 Employer to also make a one time non-refundable contribution to
21 the Fund.

22 (b) Subject to authorization by the Employer as provided in
23 subsection (c), a member retiring on or after June 30, 1995 and
24 on or before June 30, 2010 ~~2005~~ and within 6 months of the last
25 day of teaching for which retirement contributions were
26 required may elect at the time of application to make a
27 one-time employee contribution to the Fund and thereby avoid
28 the early retirement reduction in allowance specified in
29 paragraph (4) of Section 17-116. The exercise of the election
30 shall obligate the last Employer to also make a one-time
31 nonrefundable contribution to the Fund.

32 (c) The benefits provided in subsection (b) are available
33 only to members who retire, during a specified period, from
34 employment with an Employer that has adopted and filed with the
35 Board a resolution expressly providing for the creation of an

1 early retirement without discount program under this Section
2 for that period.

3 The Employer has the full discretion and authority to
4 determine whether an early retirement without discount program
5 is in its best interest and to provide such a program to its
6 eligible employees in accordance with this Section. The
7 Employer may decide to authorize such a program for one or more
8 of the following periods: for the period beginning July 1, 1997
9 and ending June 30, 1998, in which case the resolution must be
10 adopted by January 1, 1998; for the period beginning July 1,
11 1998 and ending June 30, 1999, in which case the resolution
12 must be adopted by March 31, 1998; for the period beginning
13 July 1, 1999 and ending June 30, 2000, in which case the
14 resolution must be adopted by March 31, 1999; for the period
15 beginning July 1, 2000 and ending June 30, 2001, in which case
16 the resolution must be adopted by March 31, 2000; for the
17 period beginning July 1, 2001 and ending June 30, 2002, in
18 which case the resolution must be adopted by March 31, 2001;
19 for the period beginning July 1, 2002 and ending June 30, 2003,
20 in which case the resolution must be adopted by March 31, 2002;
21 for the period beginning July 1, 2003 and ending June 30, 2004,
22 in which case the resolution must be adopted by March 31, 2003;
23 ~~and~~ for the period beginning July 1, 2004 and ending June 30,
24 2005, in which case the resolution must be adopted by March 31,
25 2004; for the period beginning July 1, 2005 and ending June 30,
26 2006, in which case the resolution must be adopted by August
27 31, 2005; for the period beginning July 1, 2006 and ending June
28 30, 2007, in which case the resolution must be adopted by June
29 30, 2006; for the period beginning July 1, 2007 and ending June
30 30, 2008, in which case the resolution must be adopted by June
31 30, 2007; for the period beginning July 1, 2008 and ending June
32 30, 2009, in which case the resolution must be adopted by June
33 30, 2008; and for the period beginning July 1, 2009 and ending
34 June 30, 2010, in which case the resolution must be adopted by
35 June 30, 2009. The resolution must be filed with the Board
36 within 10 days after it is adopted. A single resolution may

1 authorize an early retirement without discount program as
2 provided in this Section for more than one period.

3 Notwithstanding Section 17-157, the Employer shall also
4 have full discretion and authority to determine whether to
5 allow its employees who withdrew from service on or after June
6 30, 1995 and before June 27, 1997 to participate in an early
7 retirement without discount program under subsection (b). An
8 early retirement without discount program for those who
9 withdrew from service on or after June 30, 1995 and before June
10 27, 1997 may be authorized only by a resolution of the Employer
11 that is adopted by January 1, 1998 and filed with the Board
12 within 10 days after its adoption. If such a resolution is duly
13 adopted and filed, a person who (i) withdrew from service with
14 the Employer on or after June 30, 1995 and before June 27,
15 1997, (ii) qualifies for early retirement without discount
16 under subsection (b), (iii) applies to the Fund within 90 days
17 after the authorizing resolution is adopted, and (iv) pays the
18 required employee contribution shall have his or her retirement
19 pension recalculated in accordance with subsection (b). The
20 resulting increase shall be effective retroactively to the
21 starting date of the retirement pension.

22 (d) The one-time employee contribution shall be equal to 7%
23 of the retiring member's highest full-time annual salary rate
24 used in the determination of the average salary rate for
25 retirement pension, or if not full-time then the full-time
26 equivalent, multiplied by (1) the number of years the teacher
27 is under age 60, or (2) the number of years the employee's
28 creditable service is less than 34 years, whichever is less.

29 The Employer contribution shall be 20% of such salary
30 multiplied by such number of years.

31 (e) Upon receipt of the application and election, the Board
32 shall determine the one time employee and Employer
33 contributions. The provisions of this Section shall not be
34 applicable until the employee contribution, if any, has been
35 received by the Fund; however, the date that contribution is
36 received shall not be considered in determining the effective

1 date of retirement.

2 (f) The number of employees who may retire under this
3 Section in any year may be limited at the option of the
4 Employer to a specified number ~~percentage~~ of those eligible,
5 not lower than 200, but the Employer and the collective
6 bargaining agent for teachers may agree upon a greater
7 limitation to the specified number of employees who may retire
8 under this Section in any year. The 30%, with the right to
9 participate in the early retirement without discount
10 authorized under this Section shall ~~to~~ be allocated among those
11 applying on the basis of seniority in the service of the
12 Employer or on such other basis for allocation as the Employer
13 and the collective bargaining agent for teachers agree, in
14 which case, such other basis may be employed among other
15 eligible employees as well.

16 (Source: P.A. 90-32, eff. 6-27-97; 90-448, eff. 8-16-97;
17 90-566, eff. 1-2-98; 91-17, eff. 6-4-99.)

18 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

19 Sec. 18-131. Financing; employer contributions.

20 (a) The State of Illinois shall make contributions to this
21 System by appropriations of the amounts which, together with
22 the contributions of participants, net earnings on
23 investments, and other income, will meet the costs of
24 maintaining and administering this System on a 90% funded basis
25 in accordance with actuarial recommendations.

26 (b) The Board shall determine the amount of State
27 contributions required for each fiscal year on the basis of the
28 actuarial tables and other assumptions adopted by the Board and
29 the prescribed rate of interest, using the formula in
30 subsection (c).

31 (c) For State fiscal years 2011 through 2045, the minimum
32 contribution to the System to be made by the State for each
33 fiscal year shall be an amount determined by the System to be
34 sufficient to bring the total assets of the System up to 90% of
35 the total actuarial liabilities of the System by the end of

1 State fiscal year 2045. In making these determinations, the
2 required State contribution shall be calculated each year as a
3 level percentage of payroll over the years remaining to and
4 including fiscal year 2045 and shall be determined under the
5 projected unit credit actuarial cost method.

6 For State fiscal years 1996 through 2005 ~~2010~~, the State
7 contribution to the System, as a percentage of the applicable
8 employee payroll, shall be increased in equal annual increments
9 so that by State fiscal year 2011, the State is contributing at
10 the rate required under this Section.

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2006 is
13 \$29,189,400.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2007 is
16 \$35,236,800.

17 For each of State fiscal years 2008 through 2010, the State
18 contribution to the System, as a percentage of the applicable
19 employee payroll, shall be increased in equal annual increments
20 from the required State contribution for State fiscal year
21 2007, so that by State fiscal year 2011, the State is
22 contributing at the rate otherwise required under this Section.

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

27 Notwithstanding any other provision of this Section, the
28 required State contribution for State fiscal year 2005 and for
29 fiscal year 2008 and each fiscal year thereafter, as calculated
30 under this Section and certified under Section 18-140, shall
31 not exceed an amount equal to (i) the amount of the required
32 State contribution that would have been calculated under this
33 Section for that fiscal year if the System had not received any
34 payments under subsection (d) of Section 7.2 of the General
35 Obligation Bond Act, minus (ii) the portion of the State's
36 total debt service payments for that fiscal year on the bonds

1 issued for the purposes of that Section 7.2, as determined and
2 certified by the Comptroller, that is the same as the System's
3 portion of the total moneys distributed under subsection (d) of
4 Section 7.2 of the General Obligation Bond Act. In determining
5 this maximum for State fiscal years 2008 through 2010, however,
6 the amount referred to in item (i) shall be increased, as a
7 percentage of the applicable employee payroll, in equal
8 increments calculated from the sum of the required State
9 contribution for State fiscal year 2007 plus the applicable
10 portion of the State's total debt service payments for fiscal
11 year 2007 on the bonds issued for the purposes of Section 7.2
12 of the General Obligation Bond Act, so that, by State fiscal
13 year 2011, the State is contributing at the rate otherwise
14 required under this Section.

15 (Source: P.A. 93-2, eff. 4-7-03.)

16 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

17 Sec. 18-140. To certify required State contributions and
18 submit vouchers.

19 (a) The Board shall certify to the Governor, on or before
20 November 15 of each year, the amount of the required State
21 contribution to the System for the following fiscal year. The
22 certification shall include a copy of the actuarial
23 recommendations upon which it is based.

24 On or before May 1, 2004, the Board shall recalculate and
25 recertify to the Governor the amount of the required State
26 contribution to the System for State fiscal year 2005, taking
27 into account the amounts appropriated to and received by the
28 System under subsection (d) of Section 7.2 of the General
29 Obligation Bond Act.

30 On or before July 1, 2005, the Board shall recalculate and
31 recertify to the Governor the amount of the required State
32 contribution to the System for State fiscal year 2006, taking
33 into account the changes in required State contributions made
34 by this amendatory Act of the 94th General Assembly.

35 (b) Beginning in State fiscal year 1996, on or as soon as

1 possible after the 15th day of each month the Board shall
2 submit vouchers for payment of State contributions to the
3 System, in a total monthly amount of one-twelfth of the
4 required annual State contribution certified under subsection
5 (a). From the effective date of this amendatory Act of the 93rd
6 General Assembly through June 30, 2004, the Board shall not
7 submit vouchers for the remainder of fiscal year 2004 in excess
8 of the fiscal year 2004 certified contribution amount
9 determined under this Section after taking into consideration
10 the transfer to the System under subsection (c) of Section
11 6z-61 of the State Finance Act. These vouchers shall be paid by
12 the State Comptroller and Treasurer by warrants drawn on the
13 funds appropriated to the System for that fiscal year.

14 If in any month the amount remaining unexpended from all
15 other appropriations to the System for the applicable fiscal
16 year (including the appropriations to the System under Section
17 8.12 of the State Finance Act and Section 1 of the State
18 Pension Funds Continuing Appropriation Act) is less than the
19 amount lawfully vouchered under this Section, the difference
20 shall be paid from the General Revenue Fund under the
21 continuing appropriation authority provided in Section 1.1 of
22 the State Pension Funds Continuing Appropriation Act.

23 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04.)

24 (40 ILCS 5/18-169 new)

25 Sec. 18-169. Application and expiration of new benefit
26 increases.

27 (a) As used in this Section, "new benefit increase" means
28 an increase in the amount of any benefit provided under this
29 Article, or an expansion of the conditions of eligibility for
30 any benefit under this Article, that results from an amendment
31 to this Code that takes effect after the effective date of this
32 amendatory Act of the 94th General Assembly.

33 (b) Notwithstanding any other provision of this Code or any
34 subsequent amendment to this Code, every new benefit increase
35 is subject to this Section and shall be deemed to be granted

1 only in conformance with and contingent upon compliance with
2 the provisions of this Section.

3 (c) The Public Act enacting a new benefit increase must
4 identify and provide for payment to the System of additional
5 funding at least sufficient to fund the resulting annual
6 increase in cost to the System as it accrues.

7 Every new benefit increase is contingent upon the General
8 Assembly providing the additional funding required under this
9 subsection. The Commission on Government Forecasting and
10 Accountability shall analyze whether adequate additional
11 funding has been provided for the new benefit increase and
12 shall report its analysis to the Public Pension Division of the
13 Department of Financial and Professional Regulation. A new
14 benefit increase created by a Public Act that does not include
15 the additional funding required under this subsection is null
16 and void. If the Public Pension Division determines that the
17 additional funding provided for a new benefit increase under
18 this subsection is or has become inadequate, it may so certify
19 to the Governor and the State Comptroller and, in the absence
20 of corrective action by the General Assembly, the new benefit
21 increase shall expire at the end of the fiscal year in which
22 the certification is made.

23 (d) Every new benefit increase shall expire 5 years after
24 its effective date or on such earlier date as may be specified
25 in the language enacting the new benefit increase or provided
26 under subsection (c). This does not prevent the General
27 Assembly from extending or re-creating a new benefit increase
28 by law.

29 (e) Except as otherwise provided in the language creating
30 the new benefit increase, a new benefit increase that expires
31 under this Section continues to apply to persons who applied
32 and qualified for the affected benefit while the new benefit
33 increase was in effect and to the affected beneficiaries and
34 alternate payees of such persons, but does not apply to any
35 other person, including without limitation a person who
36 continues in service after the expiration date and did not

1 apply and qualify for the affected benefit while the new
2 benefit increase was in effect.

3 Section 90. The State Mandates Act is amended by adding
4 Section 8.29 as follows:

5 (30 ILCS 805/8.29 new)

6 Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8
7 of this Act, no reimbursement by the State is required for the
8 implementation of any mandate created by this amendatory Act of
9 the 94th General Assembly.

10 Section 97. Severability. The provisions of this Act are
11 severable under Section 1.31 of the Statute on Statutes.

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