



Rep. Robert S. Molaro

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1 AMENDMENT TO SENATE BILL 27

2 AMENDMENT NO. _____. Amend Senate Bill 27 by replacing
3 everything after the enacting clause with the following:

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

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

11 Sec. 1A-201. Advisory Commission on Pension Benefits for
12 New Employees.

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

1 (b) The Commission shall consider and make its
2 recommendations concerning changing the age and service
3 requirements, automatic annual increase benefits, and employee
4 contribution rates of the State-funded retirement systems and
5 other pension-related issues as determined by the Commission.
6 On or before November 1, 2005, the Commission shall report its
7 findings and recommendations to the Governor and the General
8 Assembly.

9 (c) The Commission may request actuarial data from any of
10 the 5 State-funded retirement systems established under this
11 Code. That data may include, but is not limited to, the dates
12 of birth, years of service, salaries, and life expectancies of
13 members. A retirement system shall provide the requested
14 information as soon as practical after the request is received,
15 but in no event later than any reasonable deadline imposed by
16 the Commission.

17 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

18 Sec. 2-124. Contributions by State.

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

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

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

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

7 For State fiscal years 1996 through 2005 ~~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 so that by State fiscal year 2011, the State is contributing at
11 the rate required under this Section.

12 Notwithstanding any other provision of this Article, the
13 total required State contribution for State fiscal year 2006 is
14 \$4,600,000.

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2007 is
17 \$5,600,000.

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

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

28 Notwithstanding any other provision of this Section, the
29 required State contribution for State fiscal year 2005 and for
30 fiscal year 2008 and each fiscal year thereafter, as calculated
31 under this Section and certified under Section 2-134, shall not
32 exceed an amount equal to (i) the amount of the required State
33 contribution that would have been calculated under this Section
34 for that fiscal year if the System had not received any

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

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

19 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

20 Sec. 2-134. To certify required State contributions and
21 submit vouchers.

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

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

33 On or before July 1, 2005, the Board shall recalculate and

1 recertify to the Governor the amount of the required State
2 contribution to the System for State fiscal year 2006, taking
3 into account the changes in required State contributions made
4 by this amendatory Act of the 94th General Assembly.

5 (b) Beginning in State fiscal year 1996, on or as soon as
6 possible after the 15th day of each month the Board shall
7 submit vouchers for payment of State contributions to the
8 System, in a total monthly amount of one-twelfth of the
9 required annual State contribution certified under subsection
10 (a). From the effective date of this amendatory Act of the 93rd
11 General Assembly through June 30, 2004, the Board shall not
12 submit vouchers for the remainder of fiscal year 2004 in excess
13 of the fiscal year 2004 certified contribution amount
14 determined under this Section after taking into consideration
15 the transfer to the System under subsection (d) of Section
16 6z-61 of the State Finance Act. These vouchers shall be paid by
17 the State Comptroller and Treasurer by warrants drawn on the
18 funds appropriated to the System for that fiscal year. If in
19 any month the amount remaining unexpended from all other
20 appropriations to the System for the applicable fiscal year
21 (including the appropriations to the System under Section 8.12
22 of the State Finance Act and Section 1 of the State Pension
23 Funds Continuing Appropriation Act) is less than the amount
24 lawfully vouchered under this Section, the difference shall be
25 paid from the General Revenue Fund under the continuing
26 appropriation authority provided in Section 1.1 of the State
27 Pension Funds Continuing Appropriation Act.

28 (c) The full amount of any annual appropriation for the
29 System for State fiscal year 1995 shall be transferred and made
30 available to the System at the beginning of that fiscal year at
31 the request of the Board. Any excess funds remaining at the end
32 of any fiscal year from appropriations shall be retained by the
33 System as a general reserve to meet the System's accrued
34 liabilities.

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

2 (40 ILCS 5/2-162 new)

3 Sec. 2-162. Application and expiration of new benefit
4 increases.

5 (a) As used in this Section, "new benefit increase" means
6 an increase in the amount of any benefit provided under this
7 Article, or an expansion of the conditions of eligibility for
8 any benefit under this Article, that results from an amendment
9 to this Code that takes effect after the effective date of this
10 amendatory Act of the 94th General Assembly.

11 (b) Notwithstanding any other provision of this Code or any
12 subsequent amendment to this Code, every new benefit increase
13 is subject to this Section and shall be deemed to be granted
14 only in conformance with and contingent upon compliance with
15 the provisions of this Section.

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

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

1 increase shall expire at the end of the fiscal year in which
2 the certification is made.

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

9 (e) Except as otherwise provided in the language creating
10 the new benefit increase, a new benefit increase that expires
11 under this Section continues to apply to persons who applied
12 and qualified for the affected benefit while the new benefit
13 increase was in effect and to the affected beneficiaries and
14 alternate payees of such persons, but does not apply to any
15 other person, including without limitation a person who
16 continues in service after the expiration date and did not
17 apply and qualify for the affected benefit while the new
18 benefit increase was in effect.

19 (40 ILCS 5/14-108.3)

20 Sec. 14-108.3. Early retirement incentives.

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

23 (1) be a member of this System who, on any day during
24 June, 2002, is (i) in active payroll status in a position
25 of employment with a department and an active contributor
26 to this System with respect to that employment, and
27 terminates that employment before the retirement annuity
28 under this Article begins, or (ii) on layoff status from
29 such a position with a right of re-employment or recall to
30 service, or (iii) receiving benefits under Section 14-123,
31 14-123.1 or 14-124, but only if the member has not been
32 receiving those benefits for a continuous period of more
33 than 2 years as of the date of application;

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

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

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

9 (5) by the date of termination of service, have at
10 least 8 years of creditable service under this Article,
11 without the use of any creditable service established under
12 this Section;

13 (6) by the date of termination of service, have at
14 least 5 years of membership service earned while an
15 employee under this Article, which may include military
16 service for which credit is established under Section
17 14-105(b), service during the qualifying period for which
18 credit is established under Section 14-104(a), and service
19 for which credit has been established by repaying a refund
20 under Section 14-130, but shall not include service for
21 which any other optional service credit has been
22 established; and

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

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

31 The creditable service established under this Section may
32 be used for all purposes under this Article and the Retirement
33 Systems Reciprocal Act, except for the computation of final
34 average compensation under Section 14-103.12 or the

1 determination of compensation under this or any other Article
2 of this Code.

3 The age enhancement established under this Section may not
4 be used to enable any person to begin receiving a retirement
5 annuity calculated under Section 14-110 before actually
6 attaining age 50 (without any age enhancement under this
7 Section). The age enhancement established under this Section
8 may be used for all other purposes under this Article
9 (including calculation of a proportionate annuity payable by
10 this System under the Retirement Systems Reciprocal Act),
11 except for purposes of the level income option in Section
12 14-112, the reversionary annuity under Section 14-113, and the
13 required distributions under Section 14-121.1.

14 The age enhancement established under this Section may be
15 used in determining benefits payable under Article 16 of this
16 Code under the Retirement Systems Reciprocal Act, if the person
17 has at least 5 years of service credit in the Article 16 system
18 that was earned while participating in that system as a teacher
19 (as defined in Section 16-106) employed by a department (as
20 defined in Section 14-103.04). Age enhancement established
21 under this Section shall not otherwise be used in determining
22 benefits payable under other Articles of this Code under the
23 Retirement Systems Reciprocal Act.

24 (c) For all creditable service established under this
25 Section, a person must pay to the System an employee
26 contribution to be determined by the System, based on the
27 member's rate of compensation on June 1, 2002 (or the last date
28 before June 1, 2002 for which a rate can be determined) and the
29 retirement contribution rate in effect on June 1, 2002 for the
30 member (or for members with the same social security and
31 alternative formula status as the member).

32 If the member receives a lump sum payment for accumulated
33 vacation, sick leave and personal leave upon withdrawal from
34 service, and the net amount of that lump sum payment is at

1 least as great as the amount of the contribution required under
2 this Section, the entire contribution must be paid by the
3 employee by payroll deduction. If there is no such lump sum
4 payment, or if it is less than the contribution required under
5 this Section, the member shall make an initial payment by
6 payroll deduction, equal to the net amount of the lump sum
7 payment for accumulated vacation, sick leave, and personal
8 leave, and have the remaining amount due treated as a reduction
9 from the retirement annuity in 24 equal monthly installments
10 beginning in the month in which the retirement annuity takes
11 effect. The required contribution may be paid as a pre-tax
12 deduction from earnings. For federal and Illinois tax purposes,
13 the monthly amount by which the annuitant's benefit is reduced
14 shall not be treated as a contribution by the annuitant, but
15 rather as a reduction of the annuitant's monthly benefit.

16 (c-5) The reduction in retirement annuity provided in
17 subsection (c) of Section 14-108 does not apply to the annuity
18 of a person who retires under this Section. A person who has
19 received any age enhancement or creditable service under this
20 Section may begin to receive an unreduced retirement annuity
21 upon attainment of age 55 with at least 25 years of creditable
22 service (including any age enhancement and creditable service
23 established under this Section).

24 (d) In order to ensure that the efficient operation of
25 State government is not jeopardized by the simultaneous
26 retirement of large numbers of key personnel, the director or
27 other head of a department may, for key employees of that
28 department, extend the December 31, 2002 deadline for
29 terminating employment under this Article established in
30 subdivision (a)(4) of this Section to a date not later than
31 April 30, 2003 by so notifying the System in writing by
32 December 31, 2002.

33 (e) Notwithstanding Section 14-111, a person who has
34 received any age enhancement or creditable service under this

1 Section and who reenters service under this Article (or as an
2 employee of a department under Article 16) other than as a
3 temporary employee thereby forfeits that age enhancement and
4 creditable service and is entitled to a refund of the
5 contributions made pursuant to this Section.

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

16 (g) In addition to the contributions otherwise required
17 under this Article, the State shall appropriate and pay to the
18 System ~~(1)~~ an amount equal to \$70,000,000 in State fiscal years
19 2004 and 2005 ~~and (2) in each of State fiscal years 2006~~
20 ~~through 2015, a level dollar payment based upon the increase in~~
21 ~~the present value of future benefits provided by the early~~
22 ~~retirement incentives provided under this Section amortized at~~
23 ~~8.5% interest.~~

24 (h) The Commission on Government Forecasting and
25 Accountability (i) shall hold one or more hearings on or before
26 the last session day during the fall veto session of 2004 to
27 review recommendations relating to funding of early retirement
28 incentives under this Section and (ii) shall file its report
29 with the General Assembly on or before December 31, 2004 making
30 its recommendations relating to funding of early retirement
31 incentives under this Section; the Commission's report may
32 contain both majority recommendations and minority
33 recommendations. The System shall recalculate and recertify to
34 the Governor by January 31, 2005 the amount of the required

1 State contribution to the System for State fiscal year 2005
2 with respect to those incentives. The Pension Laws Commission
3 (or its successor, the Commission on Government Forecasting and
4 Accountability) shall determine and report to the General
5 Assembly, on or before January 1, 2004 and annually thereafter
6 through the year 2013, its estimate of (1) the annual amount of
7 payroll savings likely to be realized by the State as a result
8 of the early retirement of persons receiving early retirement
9 incentives under this Section and (2) the net annual savings or
10 cost to the State from the program of early retirement
11 incentives created under this Section.

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

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

30 (Source: P.A. 92-566, eff. 6-25-02; 93-632, eff. 2-1-04;
31 93-839, eff. 7-30-04; 93-1067, eff. 1-15-05.)

32 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

33 Sec. 14-110. Alternative retirement annuity.

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

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

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

27 Such annuity shall be subject to a maximum of 75% of final
28 average compensation if retirement occurs before January 1,
29 2001 or to a maximum of 80% of final average compensation if
30 retirement occurs on or after January 1, 2001.

31 These rates shall not be applicable to any service
32 performed by a member as a covered employee which is not
33 eligible creditable service. Service as a covered employee
34 which is not eligible creditable service shall be subject to

1 the rates and provisions of Section 14-108.

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

5 (1) State policeman;

6 (2) fire fighter in the fire protection service of a
7 department;

8 (3) air pilot;

9 (4) special agent;

10 (5) investigator for the Secretary of State;

11 (6) conservation police officer;

12 (7) investigator for the Department of Revenue;

13 (8) security employee of the Department of Human
14 Services;

15 (9) Central Management Services security police
16 officer;

17 (10) security employee of the Department of
18 Corrections;

19 (11) dangerous drugs investigator;

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

21 (13) investigator for the Office of the Attorney
22 General;

23 (14) controlled substance inspector;

24 (15) investigator for the Office of the State's
25 Attorneys Appellate Prosecutor;

26 (16) Commerce Commission police officer;

27 (17) arson investigator;

28 (18) State highway maintenance worker.

29 A person employed in one of the positions specified in this
30 subsection is entitled to eligible creditable service for
31 service credit earned under this Article while undergoing the
32 basic police training course approved by the Illinois Law
33 Enforcement Training Standards Board, if completion of that
34 training is required of persons serving in that position. For

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

5 (c) For the purposes of this Section:

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

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

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

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

1 (5) The term "investigator for the Secretary of State"
2 means any person employed by the Office of the Secretary of
3 State and vested with such investigative duties as render
4 him ineligible for coverage under the Social Security Act
5 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
6 218(1)(1) of that Act.

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

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

25 (7) The term "investigator for the Department of
26 Revenue" means any person employed by the Department of
27 Revenue and vested with such investigative duties as render
28 him ineligible for coverage under the Social Security Act
29 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
30 218(1)(1) of that Act.

31 (8) The term "security employee of the Department of
32 Human Services" means any person employed by the Department
33 of Human Services who (i) is employed at the Chester Mental
34 Health Center and has daily contact with the residents

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

23 The changes made to this subdivision (c)(8) by Public
24 Act 92-14 apply to persons who retire on or after January
25 1, 2001, notwithstanding Section 1-103.1.

26 (9) "Central Management Services security police
27 officer" means any person employed by the Department of
28 Central Management Services who is vested with such law
29 enforcement duties as render him ineligible for coverage
30 under the Social Security Act by reason of Sections
31 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

32 (10) For a member who first became an employee under
33 this Article before July 1, 2005, the ~~The~~ term "security
34 employee of the Department of Corrections" means any

1 employee of the Department of Corrections or the former
2 Department of Personnel, and any member or employee of the
3 Prisoner Review Board, who has daily contact with inmates
4 by working within a correctional facility or who is a
5 parole officer or an employee who has direct contact with
6 committed persons in the performance of his or her job
7 duties. For a member who first becomes an employee under
8 this Article on or after July 1, 2005, the term means an
9 employee of the Department of Corrections who is any of the
10 following: (i) officially headquartered at a correctional
11 facility, (ii) a parole officer, (iii) a member of the
12 apprehension unit, (iv) a member of the intelligence unit,
13 (v) a member of the sort team, or (vi) an investigator.

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

17 (12) The term "investigator for the Department of State
18 Police" means a person employed by the Department of State
19 Police who is vested under Section 4 of the Narcotic
20 Control Division Abolition Act with such law enforcement
21 powers as render him ineligible for coverage under the
22 Social Security Act by reason of Sections 218(d)(5)(A),
23 218(d)(8)(D) and 218(l)(1) of that Act.

24 (13) "Investigator for the Office of the Attorney
25 General" means any person who is employed as such by the
26 Office of the Attorney General and is vested with such
27 investigative duties as render him ineligible for coverage
28 under the Social Security Act by reason of Sections
29 218(d)(5)(A), 218(d)(8)(D) and 218(l)(1) of that Act. For
30 the period before January 1, 1989, the term includes all
31 persons who were employed as investigators by the Office of
32 the Attorney General, without regard to social security
33 status.

34 (14) "Controlled substance inspector" means any person

1 who is employed as such by the Department of Professional
2 Regulation and is vested with such law enforcement duties
3 as render him ineligible for coverage under the Social
4 Security Act by reason of Sections 218(d)(5)(A),
5 218(d)(8)(D) and 218(1)(1) of that Act. The term
6 "controlled substance inspector" includes the Program
7 Executive of Enforcement and the Assistant Program
8 Executive of Enforcement.

9 (15) The term "investigator for the Office of the
10 State's Attorneys Appellate Prosecutor" means a person
11 employed in that capacity on a full time basis under the
12 authority of Section 7.06 of the State's Attorneys
13 Appellate Prosecutor's Act.

14 (16) "Commerce Commission police officer" means any
15 person employed by the Illinois Commerce Commission who is
16 vested with such law enforcement duties as render him
17 ineligible for coverage under the Social Security Act by
18 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and
19 218(1)(1) of that Act.

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

1 eligible creditable service on the date of application.

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

4 (i) A person employed on a full-time basis by the
5 Illinois Department of Transportation in the position
6 of highway maintainer, highway maintenance lead
7 worker, highway maintenance lead/lead worker, heavy
8 construction equipment operator, power shovel
9 operator, or bridge mechanic; and whose principal
10 responsibility is to perform, on the roadway, the
11 actual maintenance necessary to keep the highways that
12 form a part of the State highway system in serviceable
13 condition for vehicular traffic.

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

27 (d) A security employee of the Department of Corrections,
28 and a security employee of the Department of Human Services who
29 is not a mental health police officer, shall not be eligible
30 for the alternative retirement annuity provided by this Section
31 unless he or she meets the following minimum age and service
32 requirements at the time of retirement:

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

34 or

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

4 (iii) beginning January 1, 1988, 25 years of eligible
5 creditable service and age 53, or 23 years of eligible
6 creditable service and age 55; or

7 (iv) beginning January 1, 1989, 25 years of eligible
8 creditable service and age 52, or 22 years of eligible
9 creditable service and age 55; or

10 (v) beginning January 1, 1990, 25 years of eligible
11 creditable service and age 51, or 21 years of eligible
12 creditable service and age 55; or

13 (vi) beginning January 1, 1991, 25 years of eligible
14 creditable service and age 50, or 20 years of eligible
15 creditable service and age 55.

16 Persons who have service credit under Article 16 of this
17 Code for service as a security employee of the Department of
18 Corrections or the Department of Human Services in a position
19 requiring certification as a teacher may count such service
20 toward establishing their eligibility under the service
21 requirements of this Section; but such service may be used only
22 for establishing such eligibility, and not for the purpose of
23 increasing or calculating any benefit.

24 (e) If a member enters military service while working in a
25 position in which eligible creditable service may be earned,
26 and returns to State service in the same or another such
27 position, and fulfills in all other respects the conditions
28 prescribed in this Article for credit for military service,
29 such military service shall be credited as eligible creditable
30 service for the purposes of the retirement annuity prescribed
31 in this Section.

32 (f) For purposes of calculating retirement annuities under
33 this Section, periods of service rendered after December 31,
34 1968 and before October 1, 1975 as a covered employee in the

1 position of special agent, conservation police officer, mental
2 health police officer, or investigator for the Secretary of
3 State, shall be deemed to have been service as a noncovered
4 employee, provided that the employee pays to the System prior
5 to retirement an amount equal to (1) the difference between the
6 employee contributions that would have been required for such
7 service as a noncovered employee, and the amount of employee
8 contributions actually paid, plus (2) if payment is made after
9 July 31, 1987, regular interest on the amount specified in item
10 (1) from the date of service to the date of payment.

11 For purposes of calculating retirement annuities under
12 this Section, periods of service rendered after December 31,
13 1968 and before January 1, 1982 as a covered employee in the
14 position of investigator for the Department of Revenue shall be
15 deemed to have been service as a noncovered employee, provided
16 that the employee pays to the System prior to retirement an
17 amount equal to (1) the difference between the employee
18 contributions that would have been required for such service as
19 a noncovered employee, and the amount of employee contributions
20 actually paid, plus (2) if payment is made after January 1,
21 1990, regular interest on the amount specified in item (1) from
22 the date of service to the date of payment.

23 (g) A State policeman may elect, not later than January 1,
24 1990, to establish eligible creditable service for up to 10
25 years of his service as a policeman under Article 3, by filing
26 a written election with the Board, accompanied by payment of an
27 amount to be determined by the Board, equal to (i) the
28 difference between the amount of employee and employer
29 contributions transferred to the System under Section 3-110.5,
30 and the amounts that would have been contributed had such
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.

1 Subject to the limitation in subsection (i), a State
2 policeman may elect, not later than July 1, 1993, to establish
3 eligible creditable service for up to 10 years of his service
4 as a member of the County Police Department under Article 9, by
5 filing a written election with the Board, accompanied by
6 payment of an amount to be determined by the Board, equal to
7 (i) the difference between the amount of employee and employer
8 contributions transferred to the System under Section 9-121.10
9 and the amounts that would have been contributed had those
10 contributions been made at the rates applicable to State
11 policemen, plus (ii) interest thereon at the effective rate for
12 each year, compounded annually, from the date of service to the
13 date of payment.

14 (h) Subject to the limitation in subsection (i), a State
15 policeman or investigator for the Secretary of State may elect
16 to establish eligible creditable service for up to 12 years of
17 his service as a policeman under Article 5, by filing a written
18 election with the Board on or before January 31, 1992, and
19 paying to the System by January 31, 1994 an amount to be
20 determined by the Board, equal to (i) the difference between
21 the amount of employee and employer contributions transferred
22 to the System under Section 5-236, and the amounts that would
23 have been contributed had such contributions been made at the
24 rates applicable to State policemen, plus (ii) interest thereon
25 at the effective rate for each year, compounded annually, from
26 the date of service to the date of payment.

27 Subject to the limitation in subsection (i), a State
28 policeman, conservation police officer, or investigator for
29 the Secretary of State may elect to establish eligible
30 creditable service for up to 10 years of service as a sheriff's
31 law enforcement employee under Article 7, by filing a written
32 election with the Board on or before January 31, 1993, and
33 paying to the System by January 31, 1994 an amount to be
34 determined by the Board, equal to (i) the difference between

1 the amount of employee and employer contributions transferred
2 to the System under Section 7-139.7, and the amounts that would
3 have been contributed had such contributions been made at the
4 rates applicable to State policemen, plus (ii) interest thereon
5 at the effective rate for each year, compounded annually, from
6 the date of service to the date of payment.

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

10 (j) Subject to the limitation in subsection (i), an
11 investigator for the Office of the State's Attorneys Appellate
12 Prosecutor or a controlled substance inspector may elect to
13 establish eligible creditable service for up to 10 years of his
14 service as a policeman under Article 3 or a sheriff's law
15 enforcement employee under Article 7, by filing a written
16 election with the Board, accompanied by payment of an amount to
17 be determined by the Board, equal to (1) the difference between
18 the amount of employee and employer contributions transferred
19 to the System under Section 3-110.6 or 7-139.8, and the amounts
20 that would have been contributed had such contributions been
21 made at the rates applicable to State policemen, plus (2)
22 interest thereon at the effective rate for each year,
23 compounded annually, from the date of service to the date of
24 payment.

25 (k) Subject to the limitation in subsection (i) of this
26 Section, an alternative formula employee may elect to establish
27 eligible creditable service for periods spent as a full-time
28 law enforcement officer or full-time corrections officer
29 employed by the federal government or by a state or local
30 government located outside of Illinois, for which credit is not
31 held in any other public employee pension fund or retirement
32 system. To obtain this credit, the applicant must file a
33 written application with the Board by March 31, 1998,
34 accompanied by evidence of eligibility acceptable to the Board

1 and payment of an amount to be determined by the Board, equal
2 to (1) employee contributions for the credit being established,
3 based upon the applicant's salary on the first day as an
4 alternative formula employee after the employment for which
5 credit is being established and the rates then applicable to
6 alternative formula employees, plus (2) an amount determined by
7 the Board to be the employer's normal cost of the benefits
8 accrued for the credit being established, plus (3) regular
9 interest on the amounts in items (1) and (2) from the first day
10 as an alternative formula employee after the employment for
11 which credit is being established to the date of payment.

12 (1) Subject to the limitation in subsection (i), a security
13 employee of the Department of Corrections may elect, not later
14 than July 1, 1998, to establish eligible creditable service for
15 up to 10 years of his or her service as a policeman under
16 Article 3, by filing a written election with the Board,
17 accompanied by payment of an amount to be determined by the
18 Board, equal to (i) the difference between the amount of
19 employee and employer contributions transferred to the System
20 under Section 3-110.5, and the amounts that would have been
21 contributed had such contributions been made at the rates
22 applicable to security employees of the Department of
23 Corrections, plus (ii) interest thereon at the effective rate
24 for each year, compounded annually, from the date of service to
25 the date of payment.

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

28 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

29 Sec. 14-131. Contributions by State.

30 (a) The State shall make contributions to the System by
31 appropriations of amounts which, together with other employer
32 contributions from trust, federal, and other funds, employee
33 contributions, investment income, and other income, will be

1 sufficient to meet the cost of maintaining and administering
2 the System on a 90% funded basis in accordance with actuarial
3 recommendations.

4 For the purposes of this Section and Section 14-135.08,
5 references to State contributions refer only to employer
6 contributions and do not include employee contributions that
7 are picked up or otherwise paid by the State or a department on
8 behalf of the employee.

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

13 The Board shall also determine a State contribution rate
14 for each fiscal year, expressed as a percentage of payroll,
15 based on the total required State contribution for that fiscal
16 year (less the amount received by the System from
17 appropriations under Section 8.12 of the State Finance Act and
18 Section 1 of the State Pension Funds Continuing Appropriation
19 Act, if any, for the fiscal year ending on the June 30
20 immediately preceding the applicable November 15 certification
21 deadline), the estimated payroll (including all forms of
22 compensation) for personal services rendered by eligible
23 employees, and the recommendations of the actuary.

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

31 (c) Contributions shall be made by the several departments
32 for each pay period by warrants drawn by the State Comptroller
33 against their respective funds or appropriations based upon
34 vouchers stating the amount to be so contributed. These amounts

1 shall be based on the full rate certified by the Board under
2 Section 14-135.08 for that fiscal year. From the effective date
3 of this amendatory Act of the 93rd General Assembly through the
4 payment of the final payroll from fiscal year 2004
5 appropriations, the several departments shall not make
6 contributions for the remainder of fiscal year 2004 but shall
7 instead make payments as required under subsection (a-1) of
8 Section 14.1 of the State Finance Act. The several departments
9 shall resume those contributions at the commencement of fiscal
10 year 2005.

11 (d) If an employee is paid from trust funds or federal
12 funds, the department or other employer shall pay employer
13 contributions from those funds to the System at the certified
14 rate, unless the terms of the trust or the federal-State
15 agreement preclude the use of the funds for that purpose, in
16 which case the required employer contributions shall be paid by
17 the State. From the effective date of this amendatory Act of
18 the 93rd General Assembly through the payment of the final
19 payroll from fiscal year 2004 appropriations, the department or
20 other employer shall not pay contributions for the remainder of
21 fiscal year 2004 but shall instead make payments as required
22 under subsection (a-1) of Section 14.1 of the State Finance
23 Act. The department or other employer shall resume payment of
24 contributions at the commencement of fiscal year 2005.

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

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

20 Notwithstanding any other provision of this Article, the
21 total required State contribution to the System for State
22 fiscal year 2006 is \$225,500,000.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution to the System for State
25 fiscal year 2007 is \$369,200,000.

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

32 Beginning in State fiscal year 2046, the minimum State
33 contribution for each fiscal year shall be the amount needed to
34 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 14-135.08, 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 (f) After the submission of all payments for eligible
27 employees from personal services line items in fiscal year 2004
28 have been made, the Comptroller shall provide to the System a
29 certification of the sum of all fiscal year 2004 expenditures
30 for personal services that would have been covered by payments
31 to the System under this Section if the provisions of this
32 amendatory Act of the 93rd General Assembly had not been
33 enacted. Upon receipt of the certification, the System shall
34 determine the amount due to the System based on the full rate

1 certified by the Board under Section 14-135.08 for fiscal year
2 2004 in order to meet the State's obligation under this
3 Section. The System shall compare this amount due to the amount
4 received by the System in fiscal year 2004 through payments
5 under this Section and under Section 6z-61 of the State Finance
6 Act. If the amount due is more than the amount received, the
7 difference shall be termed the "Fiscal Year 2004 Shortfall" for
8 purposes of this Section, and the Fiscal Year 2004 Shortfall
9 shall be satisfied under Section 1.2 of the State Pension Funds
10 Continuing Appropriation Act. If the amount due is less than
11 the amount received, the difference shall be termed the "Fiscal
12 Year 2004 Overpayment" for purposes of this Section, and the
13 Fiscal Year 2004 Overpayment shall be repaid by the System to
14 the Pension Contribution Fund as soon as practicable after the
15 certification.

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

17 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

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

25 (b) The certification shall include an additional amount
26 necessary to pay all principal of and interest on those general
27 obligation bonds due the next fiscal year authorized by Section
28 7.2(a) of the General Obligation Bond Act and issued to provide
29 the proceeds deposited by the State with the System in July
30 2003, representing deposits other than amounts reserved under
31 Section 7.2(c) of the General Obligation Bond Act. For State
32 fiscal year 2005, the Board shall make a supplemental
33 certification of the additional amount necessary to pay all

1 principal of and interest on those general obligation bonds due
2 in State fiscal years 2004 and 2005 authorized by Section
3 7.2(a) of the General Obligation Bond Act and issued to provide
4 the proceeds deposited by the State with the System in July
5 2003, representing deposits other than amounts reserved under
6 Section 7.2(c) of the General Obligation Bond Act, as soon as
7 practical after the effective date of this amendatory Act of
8 the 93rd General Assembly.

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

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

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

24 (40 ILCS 5/14-152.1 new)

25 Sec. 14-152.1. 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

1 subsequent amendment to this Code, every new benefit increase
2 is subject to this Section and shall be deemed to be granted
3 only in conformance with and contingent upon compliance with
4 the provisions of this Section.

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

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

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

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

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

7 (40 ILCS 5/15-125) (from Ch. 108 1/2, par. 15-125)

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

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

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

1 September 1 immediately preceding the start of that fiscal
2 year.

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

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

7 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)
8 Sec. 15-136. Retirement annuities - Amount. The provisions
9 of this Section 15-136 apply only to those participants who are
10 participating in the traditional benefit package or the
11 portable benefit package and do not apply to participants who
12 are participating in the self-managed plan.

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

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

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

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

32 (ii) an annuity from employer contributions of an
33 amount equal to that which can be provided on an

1 actuarially equivalent basis from the accumulated normal
2 contributions made by the participant under Section
3 15-113.6 and Section 15-113.7 plus 1.4 times all other
4 accumulated normal contributions made by the participant;
5 and

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

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

15 The amount of a retirement annuity calculated under this
16 Rule 2 shall be computed solely on the basis of the
17 participant's accumulated normal contributions, as specified
18 in this Rule and defined in Section 15-116. Neither an employee
19 or employer contribution for early retirement under Section
20 15-136.2 nor any other employer contribution shall be used in
21 the calculation of the amount of a retirement annuity under
22 this Rule 2.

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

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

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

1 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
2 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
3 the final rate of earnings is at least \$5,500 but less than
4 \$6,500, (5) \$144 if the final rate of earnings is at least
5 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
6 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
7 the final rate of earnings is at least \$8,500 but less than
8 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
9 more, except that the annuity for those persons having made an
10 election under Section 15-154(a-1) shall be calculated and
11 payable under the portable retirement benefit program pursuant
12 to the provisions of Section 15-136.4.

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

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

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

28 (ii) in the case of an individual who was a
29 participating employee employed in the fire department of
30 the University of Illinois's Champaign-Urbana campus
31 immediately prior to the elimination of that fire
32 department and who immediately after the elimination of
33 that fire department transferred to another job with the
34 University of Illinois, service performed as an employee of

1 the University of Illinois in a position other than police
2 officer or firefighter, from the date of that transfer
3 until the employee's next termination of service with the
4 University of Illinois.

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

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

17 (ii) an annuity from employer contributions of an
18 amount equal to that which can be provided on an
19 actuarially equivalent basis from the accumulated normal
20 contributions made by the participant under Section
21 15-113.6 and Section 15-113.7 plus 1.4 times all other
22 accumulated normal contributions made by the participant;
23 and

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

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

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

6 With respect to a participant who is qualified for a
7 retirement annuity under this Rule 5 whose retirement annuity
8 began before the effective date of this amendatory Act of the
9 91st General Assembly, and for whom an employee contribution
10 was made under Section 15-136.2, the System shall recalculate
11 the retirement annuity under this Rule 5 and shall pay any
12 additional amounts due in the manner provided in Section
13 15-186.1 for benefits mistakenly set too low.

14 The amount of a retirement annuity calculated under this
15 Rule 5 shall be computed solely on the basis of those
16 contributions specifically set forth in this Rule 5. Except as
17 provided in clause (iii) of this Rule 5, neither an employee
18 nor employer contribution for early retirement under Section
19 15-136.2, nor any other employer contribution, shall be used in
20 the calculation of the amount of a retirement annuity under
21 this Rule 5.

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

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

1 date.

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

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

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

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

19 (c) The maximum retirement annuity provided under Rules 1,
20 2, 4, and 5 shall be the lesser of (1) the annual limit of
21 benefits as specified in Section 415 of the Internal Revenue
22 Code of 1986, as such Section may be amended from time to time
23 and as such benefit limits shall be adjusted by the
24 Commissioner of Internal Revenue, and (2) 80% of final rate of
25 earnings.

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

29 Effective January 1 immediately following the date the
30 retirement annuity begins, the annuitant shall receive an
31 increase in his or her monthly retirement annuity of 0.125% of
32 the monthly retirement annuity provided under Rule 1, Rule 2,
33 Rule 3, Rule 4, or Rule 5, contained in this Section,
34 multiplied by the number of full months which elapsed from the

1 date the retirement annuity payments began to January 1, 1972,
2 plus 0.1667% of such annuity, multiplied by the number of full
3 months which elapsed from January 1, 1972, or the date the
4 retirement annuity payments began, whichever is later, to
5 January 1, 1978, plus 0.25% of such annuity multiplied by the
6 number of full months which elapsed from January 1, 1978, or
7 the date the retirement annuity payments began, whichever is
8 later, to the effective date of the increase.

9 The annuitant shall receive an increase in his or her
10 monthly retirement annuity on each January 1 thereafter during
11 the annuitant's life of 3% of the monthly annuity provided
12 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
13 this Section. The change made under this subsection by P.A.
14 81-970 is effective January 1, 1980 and applies to each
15 annuitant whose status as an employee terminates before or
16 after that date.

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

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

24 (e) If, on January 1, 1987, or the date the retirement
25 annuity payment period begins, whichever is later, the sum of
26 the retirement annuity provided under Rule 1 or Rule 2 of this
27 Section and the automatic annual increases provided under the
28 preceding subsection or Section 15-136.1, amounts to less than
29 the retirement annuity which would be provided by Rule 3, the
30 retirement annuity shall be increased as of January 1, 1987, or
31 the date the retirement annuity payment period begins,
32 whichever is later, to the amount which would be provided by
33 Rule 3 of this Section. Such increased amount shall be
34 considered as the retirement annuity in determining benefits

1 provided under other Sections of this Article. This paragraph
2 applies without regard to whether status as an employee
3 terminated before the effective date of this amendatory Act of
4 1987, provided that the annuitant was employed at least
5 one-half time during the period on which the final rate of
6 earnings was based.

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

14 (g) If, (1) by law, a function of a governmental unit, as
15 defined by Section 20-107 of this Code, is transferred in whole
16 or in part to an employer, and (2) a participant transfers
17 employment from such governmental unit to such employer within
18 6 months after the transfer of the function, and (3) the sum of
19 (A) the annuity payable to the participant under Rule 1, 2, or
20 3 of this Section (B) all proportional annuities payable to the
21 participant by all other retirement systems covered by Article
22 20, and (C) the initial primary insurance amount to which the
23 participant is entitled under the Social Security Act, is less
24 than the retirement annuity which would have been payable if
25 all of the participant's pension credits validated under
26 Section 20-109 had been validated under this system, a
27 supplemental annuity equal to the difference in such amounts
28 shall be payable to the participant.

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

1 being paid increased \$1 per month for each year of creditable
2 service.

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

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

9 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

10 Sec. 15-155. Employer contributions.

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

18 The Board shall determine the amount of State contributions
19 required for each fiscal year on the basis of the actuarial
20 tables and other assumptions adopted by the Board and the
21 recommendations of the actuary, using the formula in subsection
22 (a-1).

23 (a-1) For State fiscal years 2011 through 2045, the minimum
24 contribution to the System to be made by the State for each
25 fiscal year shall be an amount determined by the System to be
26 sufficient to bring the total assets of the System up to 90% of
27 the total actuarial liabilities of the System by the end of
28 State fiscal year 2045. In making these determinations, the
29 required State contribution shall be calculated each year as a
30 level percentage of payroll over the years remaining to and
31 including fiscal year 2045 and shall be determined under the
32 projected unit credit actuarial cost method.

33 For State fiscal years 1996 through 2005 ~~2010~~, the State

1 contribution to the System, as a percentage of the applicable
2 employee payroll, shall be increased in equal annual increments
3 so that by State fiscal year 2011, the State is contributing at
4 the rate required under this Section.

5 Notwithstanding any other provision of this Article, the
6 total required State contribution for State fiscal year 2006 is
7 \$184,400,000.

8 Notwithstanding any other provision of this Article, the
9 total required State contribution for State fiscal year 2007 is
10 \$270,400,000.

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

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

21 Notwithstanding any other provision of this Section, the
22 required State contribution for State fiscal year 2005 and for
23 fiscal year 2008 and each fiscal year thereafter, as calculated
24 under this Section and certified under Section 15-165, shall
25 not exceed an amount equal to (i) the amount of the required
26 State contribution that would have been calculated under this
27 Section for that fiscal year if the System had not received any
28 payments under subsection (d) of Section 7.2 of the General
29 Obligation Bond Act, minus (ii) the portion of the State's
30 total debt service payments for that fiscal year on the bonds
31 issued for the purposes of that Section 7.2, as determined and
32 certified by the Comptroller, that is the same as the System's
33 portion of the total moneys distributed under subsection (d) of
34 Section 7.2 of the General Obligation Bond Act. In determining

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

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

26 (b-1) The City of Urbana and the City of Champaign shall
27 each make employer contributions to this System for their
28 respective firefighter employees who participate in this
29 System pursuant to subsection (h) of Section 15-107. The rate
30 of contributions to be made by those municipalities shall be
31 determined annually by the Board on the basis of the actuarial
32 assumptions adopted by the Board and the recommendations of the
33 actuary, and shall be expressed as a percentage of salary for
34 each such employee. The Board shall certify the rate to the

1 affected municipalities as soon as may be practical. The
2 employer contributions required under this subsection shall be
3 remitted by the municipality to the System at the same time and
4 in the same manner as employee contributions.

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

16 (d) Beginning in State fiscal year 1996, the required State
17 contributions to the System shall be appropriated directly to
18 the System and shall be payable through vouchers issued in
19 accordance with subsection (c) of Section 15-165, except as
20 provided in subsection (g).

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

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

33 (g) If the amount of a participant's earnings for any
34 academic year used to determine the final rate of earnings

1 exceeds the amount of his or her earnings with the same
2 employer for the previous academic year by more than 6%, the
3 participant's employer shall pay to the System, in addition to
4 all other payments required under this Section and in
5 accordance with guidelines established by the System, the
6 present value of the increase in benefits resulting from the
7 portion of the increase in earnings that is in excess of 6%.
8 This present value shall be computed by the System on the basis
9 of the actuarial assumptions and tables used in the most recent
10 actuarial valuation of the System that is available at the time
11 of the computation. The employer contributions required under
12 this subsection (g) shall be paid in the form of a lump sum
13 within 30 days after receipt of the bill after the participant
14 begins receiving benefits under this Article.

15 The provisions of this subsection (g) do not apply to
16 earnings increases paid to participants under contracts or
17 collective bargaining agreements entered into, amended, or
18 renewed before the effective date of this amendatory Act of the
19 94th General Assembly.

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

21 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

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

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

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

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

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

24 If in any month the amount remaining unexpended from all
25 other appropriations to the System for the applicable fiscal
26 year (including the appropriations to the System under Section
27 8.12 of the State Finance Act and Section 1 of the State
28 Pension Funds Continuing Appropriation Act) is less than the
29 amount lawfully vouchered under this Section, the difference
30 shall be paid from the General Revenue Fund under the
31 continuing appropriation authority provided in Section 1.1 of
32 the State Pension Funds Continuing Appropriation Act.

33 (d) So long as the payments received are the full amount
34 lawfully vouchered under this Section, payments received by the

1 System under this Section shall be applied first toward the
2 employer contribution to the self-managed plan established
3 under Section 15-158.2. Payments shall be applied second toward
4 the employer's portion of the normal costs of the System, as
5 defined in subsection (f) of Section 15-155. The balance shall
6 be applied toward the unfunded actuarial liabilities of the
7 System.

8 (e) In the event that the System does not receive, as a
9 result of legislative enactment or otherwise, payments
10 sufficient to fully fund the employer contribution to the
11 self-managed plan established under Section 15-158.2 and to
12 fully fund that portion of the employer's portion of the normal
13 costs of the System, as calculated in accordance with Section
14 15-155(a-1), then any payments received shall be applied
15 proportionately to the optional retirement program established
16 under Section 15-158.2 and to the employer's portion of the
17 normal costs of the System, as calculated in accordance with
18 Section 15-155(a-1).

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

20 (40 ILCS 5/15-198 new)

21 Sec. 15-198. Application and expiration of new benefit
22 increases.

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

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

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

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

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

27 (e) Except as otherwise provided in the language creating
28 the new benefit increase, a new benefit increase that expires
29 under this Section continues to apply to persons who applied
30 and qualified for the affected benefit while the new benefit
31 increase was in effect and to the affected beneficiaries and
32 alternate payees of such persons, but does not apply to any
33 other person, including without limitation a person who
34 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 (40 ILCS 5/16-128) (from Ch. 108 1/2, par. 16-128)

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

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

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

29 (c) In determining the contribution required in order to
30 receive creditable service under paragraph (3) of subsection
31 (b) of Section 16-127, the salary rate for the remainder of the
32 school term in which a member enters military service shall be
33 assumed to be equal to the member's salary rate at the time of

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

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

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

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

1 amended, or renewed before the effective date of this
2 amendatory Act of the 94th General Assembly.

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

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

8 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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

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

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

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

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

30 (3) If there is prior service, 2 times the amount
31 that would have been determined under subparagraph (2)
32 of paragraph (A) above on account of contributions
33 which would have been made during the period of prior

1 service creditable to the member had the System been in
2 operation and had the member made contributions at the
3 contribution rate in effect prior to July 1, 1947.

4 This paragraph (A) does not apply to a person who first
5 becomes a teacher under this Article on or after July 1,
6 2005.

7 (B) An amount consisting of the greater of the
8 following:

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

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

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

30 (2) 1.5% of final average salary for each year of
31 creditable service plus the sum \$7.50 for each of the
32 first 20 years of creditable service.

33 The amount of the retirement annuity determined under this
34 paragraph (B) shall be reduced by 1/2 of 1% for each month

1 that the member is less than age 60 at the time the
2 retirement annuity begins. However, this reduction shall
3 not apply (i) if the member has at least 35 years of
4 creditable service, or (ii) if the member retires on
5 account of disability under Section 16-149.2 of this
6 Article with at least 20 years of creditable service, or
7 (iii) if the member (1) has earned during the period
8 immediately preceding the last day of service at least one
9 year of contributing creditable service as an employee of a
10 department as defined in Section 14-103.04, (2) has earned
11 at least 5 years of contributing creditable service as an
12 employee of a department as defined in Section 14-103.04,
13 (3) retires on or after January 1, 2001, and (4) retires
14 having attained an age which, when added to the number of
15 years of his or her total creditable service, equals at
16 least 85. Portions of years shall be counted as decimal
17 equivalents.

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

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

34 (c) In determining the amount of the retirement annuity

1 under paragraph (B) of this Section, a fractional year shall be
2 granted proportional credit.

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

8 (e) The maximum retirement annuity provided under
9 paragraph (B) of this Section shall be 75% of final average
10 salary.

11 (f) A member retiring after the effective date of this
12 amendatory Act of 1998 shall receive a pension equal to 75% of
13 final average salary if the member is qualified to receive a
14 retirement annuity equal to at least 74.6% of final average
15 salary under this Article or as proportional annuities under
16 Article 20 of this Code.

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

19 (40 ILCS 5/16-133.2) (from Ch. 108 1/2, par. 16-133.2)

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

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

1 for purposes of this Section. The last day of teaching with
2 that employer must be within 6 months of the date of
3 application for retirement. All substitute teaching credit
4 applied toward the required 85 days must be earned after June
5 30, 1990.

6 The one time member and employer contributions shall be a
7 percentage of the retiring member's highest annual salary rate
8 used in the determination of the average salary for retirement
9 annuity purposes. However, when determining the one-time
10 member and employer contributions, that part of a member's
11 salary with the same employer which exceeds the annual salary
12 rate for the preceding year by more than 20% shall be excluded.
13 The member contribution shall be at the rate of 7% for the
14 lesser of the following 2 periods: (1) for each year that the
15 member is less than age 60; or (2) for each year that the
16 member's creditable service is less than 35 years. If a member
17 is at least age 55 and has at least 34 years of creditable
18 service, no member or employer contribution for the early
19 retirement option shall be required. The employer contribution
20 shall be at the rate of 20% for each year the member is under
21 age 60.

22 Upon receipt of the application and election, the System
23 shall determine the one time employee and employer
24 contributions required. The member contribution shall be
25 credited to the individual account of the member and the
26 employer contribution shall be credited to the Benefit Trust
27 Reserve. The provisions of this subsection (a) providing for
28 the avoidance of the reduction in retirement annuity Section
29 shall not be applicable until the member's contribution, if
30 any, has been received by the System; however, the date such
31 contributions are received shall not be considered in
32 determining the effective date of retirement.

33 The number of members working for a single employer who may
34 retire under this subsection or subsection (b) Section in any

1 year may be limited at the option of the employer to a
2 specified percentage of those eligible, not less than 30%, with
3 the right to participate to be allocated among those applying
4 on the basis of seniority in the service of the employer.

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

9 (1) the member notified his or her employer of intent
10 to retire under this Section on or before the effective
11 date of this amendatory Act of the 94th General Assembly
12 under the terms of a contract or collective bargaining
13 agreement entered into, amended, or renewed with the
14 employer on or before the effective date of this amendatory
15 Act of the 94th General Assembly; and

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

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

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

22 (ii) an affidavit signed by the member and the
23 employer, verifying the notification; and

24 (iii) any additional documentation that the System may
25 require.

26 (c) Except as otherwise provided in subsection (b), and
27 subject to the provisions of Section 16-176, a member retiring
28 on or after July 1, 2005, and applying for a retirement annuity
29 within 6 months of the last day of teaching for which
30 retirement contributions were required, may elect at the time
31 of application for a retirement annuity, to make a one-time
32 member contribution to the System and thereby avoid the
33 reduction in the retirement annuity for retirement before age
34 60 specified in paragraph (B) of Section 16-133. The exercise

1 of the election shall also obligate the last employer to make a
2 one-time nonrefundable contribution to the System. Substitute
3 teachers wishing to exercise this election must teach 85 or
4 more days in one school term with one employer, who shall be
5 deemed the last employer for purposes of this Section. The last
6 day of teaching with that employer must be within 6 months of
7 the date of application for retirement. All substitute teaching
8 credit applied toward the required 85 days must be earned after
9 June 30, 1990.

10 The one-time member and employer contributions shall be a
11 percentage of the retiring member's highest annual salary rate
12 used in the determination of the average salary for retirement
13 annuity purposes. However, when determining the one-time
14 member and employer contributions, that part of a member's
15 salary with the same employer which exceeds the annual salary
16 rate for the preceding year by more than 20% shall be excluded.
17 The member contribution shall be at the rate of 11.5% for the
18 lesser of the following 2 periods: (1) for each year that the
19 member is less than age 60; or (2) for each year that the
20 member's creditable service is less than 35 years. The employer
21 contribution shall be at the rate of 23.5% for each year the
22 member is under age 60.

23 Upon receipt of the application and election, the System
24 shall determine the one-time employee and employer
25 contributions required. The member contribution shall be
26 credited to the individual account of the member and the
27 employer contribution shall be credited to the Benefit Trust
28 Reserve. The avoidance of the reduction in retirement annuity
29 provided under this subsection (c) is not applicable until the
30 member's contribution, if any, has been received by the System;
31 however, the date that contribution is received shall not be
32 considered in determining the effective date of retirement.

33 The number of members working for a single employer who may
34 retire under this subsection (c) in any year may be limited at

1 the option of the employer to a specified percentage of those
2 eligible, not less than 10%, with the right to participate to
3 be allocated among those applying on the basis of seniority in
4 the service of the employer.

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

6 (40 ILCS 5/16-133.3) (from Ch. 108 1/2, par. 16-133.3)

7 Sec. 16-133.3. Early retirement incentives for State
8 employees.

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

11 (1) be a member of this System who, on any day during
12 June, 2002, is (i) in active payroll status as a full-time
13 teacher employed by a department and an active contributor
14 to this System with respect to that employment, or (ii) on
15 layoff status from such a position with a right of
16 re-employment or recall to service, or (iii) receiving a
17 disability benefit under Section 16-149 or 16-149.1, but
18 only if the member has not been receiving that benefit for
19 a continuous period of more than 2 years as of the date of
20 application;

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

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

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

29 (5) by the date of termination of service, have at
30 least 8 years of creditable service under this Article,
31 without the use of any creditable service established under
32 this Section;

33 (6) by the date of termination of service, have at

1 least 5 years of service credit earned while participating
2 in the System as a teacher employed by a department; and

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

5 For the purposes of this Section, "department" means a
6 department as defined in Section 14-103.04 that employs a
7 teacher as defined in this Article.

8 (b) An eligible person may establish up to 5 years of
9 creditable service under this Article by making the
10 contributions specified in subsection (c). In addition, for
11 each period of creditable service established under this
12 Section, a person's age at retirement shall be deemed to be
13 enhanced by an equivalent period.

14 The creditable service established under this Section may
15 be used for all purposes under this Article and the Retirement
16 Systems Reciprocal Act, except for the computation of final
17 average salary, the determination of salary or compensation
18 under this Article or any other Article of this Code, or the
19 determination of eligibility for or the computation of benefits
20 under Section 16-133.2.

21 The age enhancement established under this Section may be
22 used for all purposes under this Article (including calculation
23 of a proportionate annuity payable by this System under the
24 Retirement Systems Reciprocal Act), except for purposes of a
25 retirement annuity under Section 16-133(a)(A), a reversionary
26 annuity under Section 16-136, the required distributions under
27 Section 16-142.3, and the determination of eligibility for or
28 the computation of benefits under Section 16-133.2. Age
29 enhancement established under this Section may be used in
30 determining benefits payable under Article 14 of this Code
31 under the Retirement Systems Reciprocal Act (subject to the
32 limitations on the use of age enhancement provided in Section
33 14-108.3); age enhancement established under this Section
34 shall not be used in determining benefits payable under other

1 Articles of this Code under the Retirement Systems Reciprocal
2 Act.

3 (c) For all creditable service established under this
4 Section, a person must pay to the System an employee
5 contribution to be determined by the System, equal to 9.0% of
6 the member's highest annual salary rate that would be used in
7 the determination of the average salary for retirement annuity
8 purposes if the member retired immediately after withdrawal,
9 for each year of creditable service established under this
10 Section.

11 If the member receives a lump sum payment for accumulated
12 vacation, sick leave, and personal leave upon withdrawal from
13 service, and the net amount of that lump sum payment is at
14 least as great as the amount of the contribution required under
15 this Section, the entire contribution must be paid by the
16 employee by payroll deduction. If there is no such lump sum
17 payment, or if it is less than the contribution required under
18 this Section, the member shall make an initial payment by
19 payroll deduction, equal to the net amount of the lump sum
20 payment for accumulated vacation, sick leave, and personal
21 leave, and have the remaining amount due treated as a reduction
22 from the retirement annuity in 24 equal monthly installments
23 beginning in the month in which the retirement annuity takes
24 effect. The required contribution may be paid as a pre-tax
25 deduction from earnings.

26 (d) In order to ensure that the efficient operation of
27 State government is not jeopardized by the simultaneous
28 retirement of large numbers of key personnel, the director or
29 other head of a department may, for key employees of that
30 department, extend the December 31, 2002 deadline for
31 terminating employment under this Article established in
32 subdivision (a)(4) of this Section to a date not later than
33 April 30, 2003 by so notifying the System in writing by
34 December 31, 2002.

1 (e) A person who has received any age enhancement or
2 creditable service under this Section and who reenters
3 contributing service under this Article or Article 14 shall
4 thereby forfeit that age enhancement and creditable service,
5 and become entitled to a refund of the contributions made
6 pursuant to this Section.

7 (f) The System shall determine the amount of the increase
8 in the present value of future benefits resulting from the
9 granting of early retirement incentives under this Section and
10 shall report that amount to the Governor and the Commission on
11 Government Forecasting and Accountability on or after the
12 effective date of this amendatory Act of the 93rd General
13 Assembly and on or before November 15, 2004. Beginning with
14 State fiscal year 2008, the ~~The~~ increase in liability reported
15 under this subsection (f) shall ~~not~~ be included in the
16 calculation of the required State contribution under Section
17 16-158.

18 (g) In addition to the contributions otherwise required
19 under this Article, the State shall appropriate and pay to the
20 System ~~(1) an amount equal to \$1,000,000 in State fiscal year~~
21 ~~2004 and (2) in each of State fiscal years 2006 through 2015, a~~
22 ~~level dollar payment based upon the increase in the present~~
23 ~~value of future benefits provided by the early retirement~~
24 ~~incentives provided under this Section amortized at 8.5%~~
25 ~~interest.~~

26 (h) The Pension Laws Commission (or its successor, the
27 Commission on Government Forecasting and Accountability) shall
28 determine and report to the General Assembly, on or before
29 January 1, 2004 and annually thereafter through the year 2013,
30 its estimate of (1) the annual amount of payroll savings likely
31 to be realized by the State as a result of the early retirement
32 of persons receiving early retirement incentives under this
33 Section and (2) the net annual savings or cost to the State
34 from the program of early retirement incentives created under

1 this Section.

2 The System, the Department of Central Management Services,
3 the Governor's Office of Management and Budget (formerly Bureau
4 of the Budget), and all other departments shall provide to the
5 Commission any assistance that the Commission may request with
6 respect to its reports under this Section. The Commission may
7 require departments to provide it with any information that it
8 deems necessary or useful with respect to its reports under
9 this Section, including without limitation information about
10 (1) the final earnings of former department employees who
11 elected to receive benefits under this Section, (2) the
12 earnings of current department employees holding the positions
13 vacated by persons who elected to receive benefits under this
14 Section, and (3) positions vacated by persons who elected to
15 receive benefits under this Section that have not yet been
16 refilled.

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

20 (Source: P.A. 92-566, eff. 6-25-02; 93-632, eff. 2-1-04;
21 93-839, eff. 7-30-04; 93-1067, eff. 1-15-05.)

22 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

23 Sec. 16-152. Contributions by members.

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

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

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

32 (3) Effective July 24, 1959, contributions of 1% of
33 salary towards the cost of survivor benefits. Such

1 contributions shall not be credited to the individual
2 account of the member and shall not be subject to refund
3 except as provided under Section 16-143.2.

4 (4) Effective July 1, 2005, contributions of 0.40% of
5 salary toward the cost of the early retirement without
6 discount option provided under Section 16-133.2. This
7 contribution shall cease upon termination of the early
8 retirement without discount option as provided in Section
9 16-176.

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

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

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

24 (e) A member's contributions toward the cost of early
25 retirement without discount made under item (a)(4) of this
26 Section shall not be refunded if the member has elected early
27 retirement without discount under Section 16-133.2 and has
28 begun to receive a retirement annuity under this Article
29 calculated in accordance with that election. Otherwise, a
30 member's contributions toward the cost of early retirement
31 without discount made under item (a)(4) of this Section shall
32 be refunded according to whichever one of the following
33 circumstances occurs first:

34 (1) The contributions shall be refunded to the member,

1 without interest, within 120 days after the member's
2 retirement annuity commences, if the member does not elect
3 early retirement without discount under Section 16-133.2.

4 (2) The contributions shall be included, without
5 interest, in any refund claimed by the member under Section
6 16-151.

7 (3) The contributions shall be refunded to the member's
8 designated beneficiary (or if there is no beneficiary, to
9 the member's estate), without interest, if the member dies
10 without having begun to receive a retirement annuity under
11 this Article.

12 (4) The contributions shall be refunded to the member,
13 without interest, within 120 days after the early
14 retirement without discount option provided under Section
15 16-133.2 is terminated under Section 16-176.

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

17 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

18 Sec. 16-158. Contributions by State and other employing
19 units.

20 (a) The State shall make contributions to the System by
21 means of appropriations from the Common School Fund and other
22 State funds of amounts which, together with other employer
23 contributions, employee contributions, investment income, and
24 other income, will be sufficient to meet the cost of
25 maintaining and administering the System on a 90% funded basis
26 in accordance with actuarial recommendations.

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

32 (a-1) Annually, on or before November 15, the Board shall
33 certify to the Governor the amount of the required State

1 contribution for the coming fiscal year. The certification
2 shall include a copy of the actuarial recommendations upon
3 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) Through State fiscal year 1995, the State contributions
16 shall be paid to the System in accordance with Section 18-7 of
17 the School Code.

18 (b-1) Beginning in State fiscal year 1996, on the 15th day
19 of each month, or as soon thereafter as may be practicable, the
20 Board shall submit vouchers for payment of State contributions
21 to the System, in a total monthly amount of one-twelfth of the
22 required annual State contribution certified under subsection
23 (a-1). From the effective date of this amendatory Act of the
24 93rd General Assembly through June 30, 2004, the Board shall
25 not submit vouchers for the remainder of fiscal year 2004 in
26 excess of the fiscal year 2004 certified contribution amount
27 determined under this Section after taking into consideration
28 the transfer to the System under subsection (a) of Section
29 6z-61 of the State Finance Act. These vouchers shall be paid by
30 the State Comptroller and Treasurer by warrants drawn on the
31 funds appropriated to the System for that fiscal year.

32 If in any month the amount remaining unexpended from all
33 other appropriations to the System for the applicable fiscal
34 year (including the appropriations to the System under Section

1 8.12 of the State Finance Act and Section 1 of the State
2 Pension Funds Continuing Appropriation Act) is less than the
3 amount lawfully vouchered under this subsection, the
4 difference shall be paid from the Common School Fund under the
5 continuing appropriation authority provided in Section 1.1 of
6 the State Pension Funds Continuing Appropriation Act.

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

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

20 For State fiscal years 1996 through 2005 ~~2010~~, the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, shall be increased in equal annual increments
23 so that by State fiscal year 2011, the State is contributing at
24 the rate required under this Section; except that in the
25 following specified State fiscal years, the State contribution
26 to the System shall not be less than the following indicated
27 percentages of the applicable employee payroll, even if the
28 indicated percentage will produce a State contribution in
29 excess of the amount otherwise required under this subsection
30 and subsection (a), and notwithstanding any contrary
31 certification made under subsection (a-1) before the effective
32 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
33 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
34 2003; and 13.56% in FY 2004.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2006 is
3 \$591,600,000.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2007 is
6 \$791,700,000.

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 subsection (a-1), shall
21 not exceed an amount equal to (i) the amount of the required
22 State contribution that would have been calculated under this
23 Section 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

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

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

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

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

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

1 the teacher. For the purposes of Sections 16-133.4 and
2 16-133.5, a teacher as defined in paragraph (8) of Section
3 16-106 who is serving in that capacity while on leave of
4 absence from another employer under this Article shall not be
5 considered an employee of the employer from which the teacher
6 is on leave.

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

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

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

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

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

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

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

1 otherwise, to make the contribution on behalf of the teacher.

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

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

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

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

3 (40 ILCS 5/16-176) (from Ch. 108 1/2, par. 16-176)

4 Sec. 16-176. To adopt actuarial assumptions. For the 5-year
5 period ending June 30, 1997 and every 5 years thereafter, the
6 actuary, as technical advisor, shall make an actuarial
7 investigation into the mortality, service and compensation
8 experience of the members, annuitants, and beneficiaries of the
9 retirement system. Based upon the result of that investigation,
10 the board shall adopt such actuarial assumptions as it deems
11 appropriate.

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

1 Assembly.

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

3 (40 ILCS 5/16-203 new)

4 Sec. 16-203. Application and expiration of new benefit
5 increases.

6 (a) As used in this Section, "new benefit increase" means
7 an increase in the amount of any benefit provided under this
8 Article, or an expansion of the conditions of eligibility for
9 any benefit under this Article, that results from an amendment
10 to this Code that takes effect after the effective date of this
11 amendatory Act of the 94th General Assembly.

12 (b) Notwithstanding any other provision of this Code or any
13 subsequent amendment to this Code, every new benefit increase
14 is subject to this Section and shall be deemed to be granted
15 only in conformance with and contingent upon compliance with
16 the provisions of this Section.

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

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

1 of corrective action by the General Assembly, the new benefit
2 increase shall expire at the end of the fiscal year in which
3 the certification is made.

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

10 (e) Except as otherwise provided in the language creating
11 the new benefit increase, a new benefit increase that expires
12 under this Section continues to apply to persons who applied
13 and qualified for the affected benefit while the new benefit
14 increase was in effect and to the affected beneficiaries and
15 alternate payees of such persons, but does not apply to any
16 other person, including without limitation a person who
17 continues in service after the expiration date and did not
18 apply and qualify for the affected benefit while the new
19 benefit increase was in effect.

20 (40 ILCS 5/17-116.1) (from Ch. 108 1/2, par. 17-116.1)

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

22 (a) A member retiring after June 1, 1980 and before June
23 30, 1995 and within 6 months of the last day of teaching for
24 which retirement contributions were required, may elect at the
25 time of application to make a one time employee contribution to
26 the system and thereby avoid the early retirement reduction in
27 allowance specified in paragraph (4) of Section 17-116 of this
28 Article. The exercise of the election shall obligate the last
29 Employer to also make a one time non-refundable contribution to
30 the Fund.

31 (b) Subject to authorization by the Employer as provided in
32 subsection (c), a member retiring on or after June 30, 1995 and
33 on or before June 30, 2010 ~~2005~~ and within 6 months of the last

1 day of teaching for which retirement contributions were
2 required may elect at the time of application to make a
3 one-time employee contribution to the Fund and thereby avoid
4 the early retirement reduction in allowance specified in
5 paragraph (4) of Section 17-116. The exercise of the election
6 shall obligate the last Employer to also make a one-time
7 nonrefundable contribution to the Fund.

8 (c) The benefits provided in subsection (b) are available
9 only to members who retire, during a specified period, from
10 employment with an Employer that has adopted and filed with the
11 Board a resolution expressly providing for the creation of an
12 early retirement without discount program under this Section
13 for that period.

14 The Employer has the full discretion and authority to
15 determine whether an early retirement without discount program
16 is in its best interest and to provide such a program to its
17 eligible employees in accordance with this Section. The
18 Employer may decide to authorize such a program for one or more
19 of the following periods: for the period beginning July 1, 1997
20 and ending June 30, 1998, in which case the resolution must be
21 adopted by January 1, 1998; for the period beginning July 1,
22 1998 and ending June 30, 1999, in which case the resolution
23 must be adopted by March 31, 1998; for the period beginning
24 July 1, 1999 and ending June 30, 2000, in which case the
25 resolution must be adopted by March 31, 1999; for the period
26 beginning July 1, 2000 and ending June 30, 2001, in which case
27 the resolution must be adopted by March 31, 2000; for the
28 period beginning July 1, 2001 and ending June 30, 2002, in
29 which case the resolution must be adopted by March 31, 2001;
30 for the period beginning July 1, 2002 and ending June 30, 2003,
31 in which case the resolution must be adopted by March 31, 2002;
32 for the period beginning July 1, 2003 and ending June 30, 2004,
33 in which case the resolution must be adopted by March 31, 2003;
34 ~~and~~ for the period beginning July 1, 2004 and ending June 30,

1 2005, in which case the resolution must be adopted by March 31,
2 2004; for the period beginning July 1, 2005 and ending June 30,
3 2006, in which case the resolution must be adopted by August
4 31, 2005; for the period beginning July 1, 2006 and ending June
5 30, 2007, in which case the resolution must be adopted by June
6 30, 2006; for the period beginning July 1, 2007 and ending June
7 30, 2008, in which case the resolution must be adopted by June
8 30, 2007; for the period beginning July 1, 2008 and ending June
9 30, 2009, in which case the resolution must be adopted by June
10 30, 2008; and for the period beginning July 1, 2009 and ending
11 June 30, 2010, in which case the resolution must be adopted by
12 June 30, 2009. The resolution must be filed with the Board
13 within 10 days after it is adopted. A single resolution may
14 authorize an early retirement without discount program as
15 provided in this Section for more than one period.

16 Notwithstanding Section 17-157, the Employer shall also
17 have full discretion and authority to determine whether to
18 allow its employees who withdrew from service on or after June
19 30, 1995 and before June 27, 1997 to participate in an early
20 retirement without discount program under subsection (b). An
21 early retirement without discount program for those who
22 withdrew from service on or after June 30, 1995 and before June
23 27, 1997 may be authorized only by a resolution of the Employer
24 that is adopted by January 1, 1998 and filed with the Board
25 within 10 days after its adoption. If such a resolution is duly
26 adopted and filed, a person who (i) withdrew from service with
27 the Employer on or after June 30, 1995 and before June 27,
28 1997, (ii) qualifies for early retirement without discount
29 under subsection (b), (iii) applies to the Fund within 90 days
30 after the authorizing resolution is adopted, and (iv) pays the
31 required employee contribution shall have his or her retirement
32 pension recalculated in accordance with subsection (b). The
33 resulting increase shall be effective retroactively to the
34 starting date of the retirement pension.

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

8 The Employer contribution shall be 20% of such salary
9 multiplied by such number of years.

10 (e) Upon receipt of the application and election, the Board
11 shall determine the one time employee and Employer
12 contributions. The provisions of this Section shall not be
13 applicable until the employee contribution, if any, has been
14 received by the Fund; however, the date that contribution is
15 received shall not be considered in determining the effective
16 date of retirement.

17 (f) The number of employees who may retire under this
18 Section in any year may be limited at the option of the
19 Employer to a specified number ~~percentage~~ of those eligible,
20 not lower than 200, but the Employer and the collective
21 bargaining agent for teachers may agree upon a greater
22 limitation to the specified number of employees who may retire
23 under this Section in any year. The 30%, with the right to
24 participate in the early retirement without discount
25 authorized under this Section shall to be allocated among those
26 applying on the basis of seniority in the service of the
27 Employer or on such other basis for allocation as the Employer
28 and the collective bargaining agent for teachers agree, in
29 which case, such other basis may be employed among other
30 eligible employees as well.

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

33 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

2 (a) The State of Illinois shall make contributions to this
3 System by appropriations of the amounts which, together with
4 the contributions of participants, net earnings on
5 investments, and other income, will meet the costs of
6 maintaining and administering this System on a 90% funded basis
7 in accordance with actuarial recommendations.

8 (b) The Board shall determine the amount of State
9 contributions required for each fiscal year on the basis of the
10 actuarial tables and other assumptions adopted by the Board and
11 the prescribed rate of interest, using the formula in
12 subsection (c).

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

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

28 Notwithstanding any other provision of this Article, the
29 total required State contribution for State fiscal year 2006 is
30 \$32,300,000.

31 Notwithstanding any other provision of this Article, the
32 total required State contribution for State fiscal year 2007 is
33 \$37,800,000.

34 For each of State fiscal years 2008 through 2010, the State

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

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

10 Notwithstanding any other provision of this Section, the
11 required State contribution for State fiscal year 2005 and for
12 fiscal year 2008 and each fiscal year thereafter, as calculated
13 under this Section and certified under Section 18-140, shall
14 not exceed an amount equal to (i) the amount of the required
15 State contribution that would have been calculated under this
16 Section for that fiscal year if the System had not received any
17 payments under subsection (d) of Section 7.2 of the General
18 Obligation Bond Act, minus (ii) the portion of the State's
19 total debt service payments for that fiscal year on the bonds
20 issued for the purposes of that Section 7.2, as determined and
21 certified by the Comptroller, that is the same as the System's
22 portion of the total moneys distributed under subsection (d) of
23 Section 7.2 of the General Obligation Bond Act. In determining
24 this maximum for State fiscal years 2008 through 2010, however,
25 the amount referred to in item (i) shall be increased, as a
26 percentage of the applicable employee payroll, in equal
27 increments calculated from the sum of the required State
28 contribution for State fiscal year 2007 plus the applicable
29 portion of the State's total debt service payments for fiscal
30 year 2007 on the bonds issued for the purposes of Section 7.2
31 of the General Obligation Bond Act, so that, by State fiscal
32 year 2011, the State is contributing at the rate otherwise
33 required under this Section.

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

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

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

4 (a) The Board shall certify to the Governor, on or before
5 November 15 of each year, the amount of the required State
6 contribution to the System for the following fiscal year. The
7 certification shall include a copy of the actuarial
8 recommendations upon which it is based.

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

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

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

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

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

11 (40 ILCS 5/18-169 new)

12 Sec. 18-169. Application and expiration of new benefit
13 increases.

14 (a) As used in this Section, "new benefit increase" means
15 an increase in the amount of any benefit provided under this
16 Article, or an expansion of the conditions of eligibility for
17 any benefit under this Article, that results from an amendment
18 to this Code that takes effect after the effective date of this
19 amendatory Act of the 94th General Assembly.

20 (b) Notwithstanding any other provision of this Code or any
21 subsequent amendment to this Code, every new benefit increase
22 is subject to this Section and shall be deemed to be granted
23 only in conformance with and contingent upon compliance with
24 the provisions of this Section.

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

29 Every new benefit increase is contingent upon the General
30 Assembly providing the additional funding required under this
31 subsection. The Commission on Government Forecasting and
32 Accountability shall analyze whether adequate additional
33 funding has been provided for the new benefit increase and

1 shall report its analysis to the Public Pension Division of the
2 Department of Financial and Professional Regulation. A new
3 benefit increase created by a Public Act that does not include
4 the additional funding required under this subsection is null
5 and void. If the Public Pension Division determines that the
6 additional funding provided for a new benefit increase under
7 this subsection is or has become inadequate, it may so certify
8 to the Governor and the State Comptroller and, in the absence
9 of corrective action by the General Assembly, the new benefit
10 increase shall expire at the end of the fiscal year in which
11 the certification is made.

12 (d) Every new benefit increase shall expire 5 years after
13 its effective date or on such earlier date as may be specified
14 in the language enacting the new benefit increase or provided
15 under subsection (c). This does not prevent the General
16 Assembly from extending or re-creating a new benefit increase
17 by law.

18 (e) Except as otherwise provided in the language creating
19 the new benefit increase, a new benefit increase that expires
20 under this Section continues to apply to persons who applied
21 and qualified for the affected benefit while the new benefit
22 increase was in effect and to the affected beneficiaries and
23 alternate payees of such persons, but does not apply to any
24 other person, including without limitation a person who
25 continues in service after the expiration date and did not
26 apply and qualify for the affected benefit while the new
27 benefit increase was in effect.

28 Section 90. The State Mandates Act is amended by adding
29 Section 8.29 as follows:

30 (30 ILCS 805/8.29 new)

31 Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8
32 of this Act, no reimbursement by the State is required for the

1 implementation of any mandate created by this amendatory Act of
2 the 94th General Assembly.

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

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