



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.

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

24 (b) The Commission shall consider and make its

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

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

16 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

17 Sec. 2-124. Contributions by State.

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

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

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

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

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

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2006 is
13 \$4,157,000.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2007 is
16 \$5,220,300.

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

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

27 Notwithstanding any other provision of this Section, the
28 required State contribution for State fiscal year 2005 and for
29 fiscal year 2008 and each fiscal year thereafter, as calculated
30 under this Section and certified under Section 2-134, shall not
31 exceed an amount equal to (i) the amount of the required State
32 contribution that would have been calculated under this Section
33 for that fiscal year if the System had not received any
34 payments under subsection (d) of Section 7.2 of the General

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

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

18 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

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

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

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

32 On or before July 1, 2005, the Board shall recalculate and
33 recertify to the Governor the amount of the required State

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

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

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

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

1 (40 ILCS 5/2-162 new)

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

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

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

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

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

1 the certification is made.

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

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

18 (40 ILCS 5/14-108.3)

19 Sec. 14-108.3. Early retirement incentives.

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

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

33 (2) not have received any retirement annuity under this

1 Article beginning earlier than August 1, 2002;

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

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

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

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

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

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

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

1 of this Code.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

32 Sec. 14-110. Alternative retirement annuity.

33 (a) Any member who has withdrawn from service with not less

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

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

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

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

30 These rates shall not be applicable to any service
31 performed by a member as a covered employee which is not
32 eligible creditable service. Service as a covered employee
33 which is not eligible creditable service shall be subject to
34 the rates and provisions of Section 14-108.

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

4 (1) State policeman;

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

7 (3) air pilot;

8 (4) special agent;

9 (5) investigator for the Secretary of State;

10 (6) conservation police officer;

11 (7) investigator for the Department of Revenue;

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

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

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

18 (11) dangerous drugs investigator;

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

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

22 (14) controlled substance inspector;

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

25 (16) Commerce Commission police officer;

26 (17) arson investigator;

27 (18) State highway maintenance worker.

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

1 police training course shall be deemed performance of the
2 duties of the specified position, even though the person is not
3 a sworn peace officer at the time of the training.

4 (c) For the purposes of this Section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33 (14) "Controlled substance inspector" means any person
34 who is employed as such by the Department of Professional

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

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

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

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

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

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

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

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

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

33 or

34 (ii) beginning January 1, 1987, 25 years of eligible

1 creditable service and age 54, or 24 years of eligible
2 creditable service and age 55; or

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

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

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

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

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

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

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

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

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

22 (g) A State policeman may elect, not later than January 1,
23 1990, to establish eligible creditable service for up to 10
24 years of his service as a policeman under Article 3, by filing
25 a written election with the Board, accompanied by payment of an
26 amount to be determined by the Board, equal to (i) the
27 difference between the amount of employee and employer
28 contributions transferred to the System under Section 3-110.5,
29 and the amounts that would have been contributed had such
30 contributions been made at the rates applicable to State
31 policemen, plus (ii) interest thereon at the effective rate for
32 each year, compounded annually, from the date of service to the
33 date of payment.

34 Subject to the limitation in subsection (i), a State

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

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

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

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

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

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

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

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

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

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

27 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)
28 Sec. 14-131. Contributions by State.

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

1 the System on a 90% funded basis in accordance with actuarial
2 recommendations.

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

8 (b) The Board shall determine the total 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,
11 using the formula in subsection (e).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

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

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

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

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

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

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

23 (40 ILCS 5/14-152.1 new)

24 Sec. 14-152.1. Application and expiration of new benefit
25 increases.

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

32 (b) Notwithstanding any other provision of this Code or any
33 subsequent amendment to this Code, every new benefit increase

1 is subject to this Section and shall be deemed to be granted
2 only in conformance with and contingent upon compliance with
3 the provisions of this Section.

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

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

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

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

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

6 (40 ILCS 5/15-125) (from Ch. 108 1/2, par. 15-125)

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

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

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

1 year.

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

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

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

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

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

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

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

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

31 (ii) an annuity from employer contributions of an
32 amount equal to that which can be provided on an
33 actuarially equivalent basis from the accumulated normal

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

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

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

14 The amount of a retirement annuity calculated under this
15 Rule 2 shall be computed solely on the basis of the
16 participant's accumulated normal contributions, as specified
17 in this Rule and defined in Section 15-116. Neither an employee
18 or 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 2.

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

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

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

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

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

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

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

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

1 officer or firefighter, from the date of that transfer
2 until the employee's next termination of service with the
3 University of Illinois.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 Effective January 1 immediately following the date the
29 retirement annuity begins, the annuitant shall receive an
30 increase in his or her monthly retirement annuity of 0.125% of
31 the monthly retirement annuity provided under Rule 1, Rule 2,
32 Rule 3, Rule 4, or Rule 5, contained in this Section,
33 multiplied by the number of full months which elapsed from the
34 date the retirement annuity payments began to January 1, 1972,

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

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

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

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

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

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

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

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

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

1 service.

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

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

8 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

9 Sec. 15-155. Employer contributions.

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

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

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

32 For State fiscal years 1996 through 2005 ~~2010~~, the State
33 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 so that by State fiscal year 2011, the State is contributing at
3 the rate required under this Section.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2006 is
6 \$166,641,900.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2007 is
9 \$252,064,100.

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

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

20 Notwithstanding any other provision of this Section, the
21 required State contribution for State fiscal year 2005 and for
22 fiscal year 2008 and each fiscal year thereafter, as calculated
23 under this Section and certified under Section 15-165, shall
24 not exceed an amount equal to (i) the amount of the required
25 State contribution that would have been calculated under this
26 Section for that fiscal year if the System had not received any
27 payments under subsection (d) of Section 7.2 of the General
28 Obligation Bond Act, minus (ii) the portion of the State's
29 total debt service payments for that fiscal year on the bonds
30 issued for the purposes of that Section 7.2, as determined and
31 certified by the Comptroller, that is the same as the System's
32 portion of the total moneys distributed under subsection (d) of
33 Section 7.2 of the General Obligation Bond Act. In determining
34 this maximum for State fiscal years 2008 through 2010, however,

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

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

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

1 employer contributions required under this subsection shall be
2 remitted by the municipality to the System at the same time and
3 in the same manner as employee contributions.

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

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

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

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

32 (g) If the amount of a participant's earnings for any
33 academic year used to determine the final rate of earnings
34 exceeds the amount of his or her earnings with the same

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

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

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

20 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

22 (a) The Board shall certify to the Governor on or before
23 November 15 of each year the appropriation required from State
24 funds for the purposes of this System for the following fiscal
25 year. The 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) The Board shall certify to the State Comptroller or
6 employer, as the case may be, from time to time, by its
7 president and secretary, with its seal attached, the amounts
8 payable to the System from the various funds.

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

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

32 (d) So long as the payments received are the full amount
33 lawfully vouchered under this Section, payments received by the
34 System under this Section shall be applied first toward the

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

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

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

19 (40 ILCS 5/15-198 new)

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

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

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

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

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

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

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

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

1 benefit increase was in effect.

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

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

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

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

28 (c) In determining the contribution required in order to
29 receive creditable service under paragraph (3) of subsection
30 (b) of Section 16-127, the salary rate for the remainder of the
31 school term in which a member enters military service shall be
32 assumed to be equal to the member's salary rate at the time of
33 entering military service. However, for military service not

1 immediately following employment, the salary rate on the last
2 date as a participating teacher prior to such military service,
3 or on the first date as a participating teacher after such
4 military service, whichever is greater, shall be assumed to be
5 equal to the member's salary rate at the time of entering
6 military service. For each school term thereafter, the member's
7 salary rate shall be assumed to be 5% higher than the salary
8 rate in the previous school term.

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

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

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

1 amendatory Act of the 94th General Assembly.

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

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

7 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)
8 Sec. 16-133. Retirement annuity; amount.

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

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

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

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

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

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

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

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

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

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

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

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

32 The amount of the retirement annuity determined under this
33 paragraph (B) shall be reduced by 1/2 of 1% for each month
34 that the member is less than age 60 at the time the

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

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

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

33 (c) In determining the amount of the retirement annuity
34 under paragraph (B) of this Section, a fractional year shall be

1 granted proportional credit.

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

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

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

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

18 (40 ILCS 5/16-133.2) (from Ch. 108 1/2, par. 16-133.2)
19 Sec. 16-133.2. Early retirement without discount.

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

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

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

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

32 The number of members working for a single employer who may
33 retire under this subsection or subsection (b) ~~Section~~ in any
34 year may be limited at the option of the employer to a

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

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

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

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

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

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

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

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

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

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

9 The one-time member and employer contributions shall be a
10 percentage of the retiring member's highest annual salary rate
11 used in the determination of the average salary for retirement
12 annuity purposes. However, when determining the one-time
13 member and employer contributions, that part of a member's
14 salary with the same employer which exceeds the annual salary
15 rate for the preceding year by more than 20% shall be excluded.
16 The member contribution shall be at the rate of 11.5% for the
17 lesser of the following 2 periods: (1) for each year that the
18 member is less than age 60; or (2) for each year that the
19 member's creditable service is less than 35 years. The employer
20 contribution shall be at the rate of 23.5% for each year the
21 member is under 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 avoidance of the reduction in retirement annuity
28 provided under this subsection (c) is not applicable until the
29 member's contribution, if any, has been received by the System;
30 however, the date that contribution is received shall not be
31 considered in determining the effective date of retirement.

32 The number of members working for a single employer who may
33 retire under this subsection (c) in any year may be limited at
34 the option of the employer to a specified percentage of those

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

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

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

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

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

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

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

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

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

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

32 (6) by the date of termination of service, have at
33 least 5 years of service credit earned while participating

1 in the System as a teacher employed by a department; and

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

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

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

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

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

1 Act.

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

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

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

34 (e) A person who has received any age enhancement or

1 creditable service under this Section and who reenters
2 contributing service under this Article or Article 14 shall
3 thereby forfeit that age enhancement and creditable service,
4 and become entitled to a refund of the contributions made
5 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 in liability reported
14 under this subsection (f) shall ~~not~~ be included in the
15 calculation of the required State contribution under Section
16 16-158.

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

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

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

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

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

21 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

22 Sec. 16-152. Contributions by members.

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

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

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

31 (3) Effective July 24, 1959, contributions of 1% of
32 salary towards the cost of survivor benefits. Such
33 contributions shall not be credited to the individual

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

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

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

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

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

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

33 (1) The contributions shall be refunded to the member,
34 without interest, within 120 days after the member's

1 retirement annuity commences, if the member does not elect
2 early retirement without discount under Section 16-133.2.

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

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

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

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

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

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

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

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

31 (a-1) Annually, on or before November 15, the Board shall
32 certify to the Governor the amount of the required State
33 contribution for the coming fiscal year. The certification

1 shall include a copy of the actuarial recommendations upon
2 which it is based.

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

9 On or before July 1, 2005, 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 2006, taking
12 into account the changes in required State contributions made
13 by this amendatory Act of the 94th General Assembly.

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

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

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

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

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

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

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

34 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2006 is
2 \$534,627,700.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2007 is
5 \$738,014,500.

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

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

16 Notwithstanding any other provision of this Section, the
17 required State contribution for State fiscal year 2005 and for
18 fiscal year 2008 and each fiscal year thereafter, as calculated
19 under this Section and certified under subsection (a-1), shall
20 not exceed an amount equal to (i) the amount of the required
21 State contribution that would have been calculated under this
22 Section for that fiscal year if the System had not received any
23 payments under subsection (d) of Section 7.2 of the General
24 Obligation Bond Act, minus (ii) the portion of the State's
25 total debt service payments for that fiscal year on the bonds
26 issued for the purposes of that Section 7.2, as determined and
27 certified by the Comptroller, that is the same as the System's
28 portion of the total moneys distributed under subsection (d) of
29 Section 7.2 of the General Obligation Bond Act. In determining
30 this maximum for State fiscal years 2008 through 2010, however,
31 the amount referred to in item (i) shall be increased, as a
32 percentage of the applicable employee payroll, in equal
33 increments calculated from the sum of the required State
34 contribution for State fiscal year 2007 plus the applicable

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (Source: P.A. 92-505, eff. 12-20-01; 93-2, eff. 4-7-03; 93-665,

1 eff. 3-5-04.)

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

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

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

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

2 (40 ILCS 5/16-203 new)

3 Sec. 16-203. 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 5/17-116.1) (from Ch. 108 1/2, par. 17-116.1)

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

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

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

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

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

13 The Employer has the full discretion and authority to
14 determine whether an early retirement without discount program
15 is in its best interest and to provide such a program to its
16 eligible employees in accordance with this Section. The
17 Employer may decide to authorize such a program for one or more
18 of the following periods: for the period beginning July 1, 1997
19 and ending June 30, 1998, in which case the resolution must be
20 adopted by January 1, 1998; for the period beginning July 1,
21 1998 and ending June 30, 1999, in which case the resolution
22 must be adopted by March 31, 1998; for the period beginning
23 July 1, 1999 and ending June 30, 2000, in which case the
24 resolution must be adopted by March 31, 1999; for the period
25 beginning July 1, 2000 and ending June 30, 2001, in which case
26 the resolution must be adopted by March 31, 2000; for the
27 period beginning July 1, 2001 and ending June 30, 2002, in
28 which case the resolution must be adopted by March 31, 2001;
29 for the period beginning July 1, 2002 and ending June 30, 2003,
30 in which case the resolution must be adopted by March 31, 2002;
31 for the period beginning July 1, 2003 and ending June 30, 2004,
32 in which case the resolution must be adopted by March 31, 2003;
33 ~~and~~ for the period beginning July 1, 2004 and ending June 30,
34 2005, in which case the resolution must be adopted by March 31,

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

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

34 (d) The one-time employee contribution shall be equal to 7%

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

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

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

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

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

32 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

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

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

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

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

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

30 Notwithstanding any other provision of this Article, the
31 total required State contribution for State fiscal year 2007 is
32 \$35,236,800.

33 For each of State fiscal years 2008 through 2010, the State
34 contribution to the System, as a percentage of the applicable

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

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

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

33 (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.

34 If in any month the amount remaining unexpended from all

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

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

10 (40 ILCS 5/18-169 new)

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

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

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

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

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

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

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

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

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

29 (30 ILCS 805/8.29 new)

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

1 the 94th General Assembly.

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

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