



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB2093

Introduced 2/14/2008, by Sen. Todd Sieben

SYNOPSIS AS INTRODUCED:

40 ILCS 5/14-119	from Ch. 108 1/2, par. 14-119
40 ILCS 5/14-121	from Ch. 108 1/2, par. 14-121
40 ILCS 5/14-130	from Ch. 108 1/2, par. 14-130
40 ILCS 5/14-131	from Ch. 108 1/2, par. 14-131
40 ILCS 5/14-133	from Ch. 108 1/2, par. 14-133
40 ILCS 5/14-152.2	

Amends the State Employee Article of the Illinois Pension Code. Provides that, beginning July 1, 2009, the Social Security offset shall no longer be applied to any widow's or survivor's annuity of any person with military service that is receiving retirement benefits or a widow's annuity or survivor's annuity on the effective date. Provides that, unless a member with military service makes an election to have the Social Security offset apply to his or her widow's or survivors annuity, his or her retirement contribution is increased 0.6%, thus making the total contribution for that purpose 1.1%. Allows a member to change his or her offset status upon the occurrence of a qualifying event. Contains provisions concerning refunds and payment for prior service. Provides that the calculation of the minimum contribution of the State shall not be affected by the changes in the amendatory Act. Specifies the required funding for the new benefit increase; specifies the effects of expiration if the General Assembly fails to extend the new benefit increase. Effective immediately.

LRB095 19108 AMC 45317 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 14-119, 14-121, 14-130, 14-131, 14-133, and 14-152.2
6 as follows:

7 (40 ILCS 5/14-119) (from Ch. 108 1/2, par. 14-119)

8 Sec. 14-119. Amount of widow's annuity.

9 (a) The widow's annuity shall be 50% of the amount of
10 retirement annuity payable to the member on the date of death
11 while on retirement if an annuitant, or on the date of his
12 death while in service if an employee, regardless of his age on
13 such date, or on the date of withdrawal if death occurred after
14 termination of service under the conditions prescribed in the
15 preceding Section.

16 (b) If an eligible widow, regardless of age, has in her
17 care any unmarried child or children of the member under age 18
18 (under age 22 if a full-time student), the widow's annuity
19 shall be increased in the amount of 5% of the retirement
20 annuity for each such child, but the combined payments for a
21 widow and children shall not exceed 66 2/3% of the member's
22 earned retirement annuity.

23 The amount of retirement annuity from which the widow's

1 annuity is derived shall be that earned by the member without
2 regard to whether he attained age 60 prior to his withdrawal
3 under the conditions stated or prior to his death.

4 (c) Marriage of a child shall render the child ineligible
5 for further consideration in the increase in the amount of the
6 widow's annuity.

7 Attainment of age 18 (age 22 if a full-time student) shall
8 render a child ineligible for further consideration in the
9 increase of the widow's annuity, but the annuity to the widow
10 shall be continued thereafter, without regard to her age at
11 that time.

12 (d) Except as otherwise provided in this subsection (d) and
13 Section 14-152.2, a ~~A~~ widow's annuity payable on account of any
14 covered employee who has ~~shall have~~ been a covered employee for
15 at least 18 months shall be reduced by 1/2 of the amount of
16 survivors benefits to which his beneficiaries are eligible
17 under the provisions of the Federal Social Security Act, except
18 that (1) the amount of any widow's annuity payable under this
19 Article shall not be reduced by reason of any increase under
20 that Act which occurs after the offset required by this
21 subsection is first applied to that annuity, and (2) for
22 benefits granted on or after January 1, 1992, the offset under
23 this subsection (d) shall not exceed 50% of the amount of
24 widow's annuity otherwise payable.

25 Beginning on July 1, 2009 (and except as otherwise provided
26 in Section 14-152.2), the offset under this subsection (d)

1 shall no longer be applied to a widow's annuity of any person
2 with military service that is receiving retirement benefits or
3 a widow's annuity on the effective date of this amendatory Act
4 of the 95th General Assembly.

5 Except as otherwise provided in Section 14-152.2, an active
6 member of the System with military service who is first
7 employed before January 1, 2009 must file an election to have
8 the offset under this subsection (d) applied to his or her
9 widow's annuity with the System before March 1, 2009. If no
10 election is made by the employee, then the employee must begin
11 making the additional 0.6% contribution required under Section
12 14-133, and he or she may apply before September 1, 2009 to
13 make the contributions for any prior service. Once the member
14 has made an election or failed to make the election to have the
15 offset applied to his or her widow's annuity within the
16 specified period, the member must maintain that status until a
17 qualifying event occurs. Upon the occurrence of a qualifying
18 event, (i) if the member's widow's annuity is subject to the
19 offset, the member may elect to remove the offset and begin to
20 make contributions for any service after that date and, within
21 60 days after that date, make contributions for any prior
22 service without interest or (ii) if the member's widow's
23 annuity is not subject to the offset, the member may elect to
24 have the offset applied to his or her widow's annuity and cease
25 making the contributions, but shall receive no refund for the
26 contributions.

1 Except as otherwise provided in Section 14-152.2, unless an
2 active member of the System with military service who is first
3 employed on or after January 1, 2009 files an election to have
4 the offset under this subsection (d) applied to his or her
5 widow's annuity with the System during his or her qualifying
6 period, he or she shall begin making the 1.1% contribution
7 required under Section 14-133. After the qualifying period, the
8 member must maintain his or her offset status until a
9 qualifying event occurs. Upon the occurrence of a qualifying
10 event, (i) if the member's widow's annuity is subject to the
11 offset, the member may elect to remove the offset and begin to
12 make contributions for any service after that date and, within
13 60 days after that date, make contributions for any prior
14 service without interest or (ii) if the member's widow's
15 annuity is not subject to the offset, the member may elect to
16 have the offset applied to his or her widow's annuity and cease
17 making the contributions, but shall receive no refund for the
18 contributions.

19 If a member has a qualifying spouse at the time of
20 retirement and has made the additional contributions pursuant
21 to Section 14-133 to remove the offset under this subsection
22 (d) for all of his or her creditable service, then the offset
23 under this subsection (d) does not apply to the member's
24 widow's benefit. If a member has a qualifying spouse at the
25 time of retirement and has made the additional contributions
26 pursuant to Section 14-133 to remove the offset under this

1 subsection (d) for a portion of his or her creditable service,
2 then the member may either (A) receive a refund of the
3 additional contributions made and have the offset under this
4 subsection (d) apply to the member's widow's annuity or (B)
5 make the required contributions for any period for which he or
6 she has not contributed, plus interest. If a member does not
7 have a qualifying spouse at the time of retirement, then the
8 member may receive a refund of the additional contributions
9 made pursuant to Section 14-133 to remove the offset under this
10 subsection (d).

11 For the purposes of this subsection (d), "qualifying event"
12 includes a change in marital status (including the death of a
13 spouse) or the adoption or birth of a child.

14 (e) Upon the death of a recipient of a widow's annuity the
15 excess, if any, of the member's accumulated contributions plus
16 credited interest over all annuity payments to the member and
17 widow, exclusive of the \$500 lump sum payment, shall be paid to
18 the named beneficiary of the widow, or if none has been named,
19 to the estate of the widow, provided no reversionary annuity is
20 payable.

21 (f) On January 1, 1981, any recipient of a widow's annuity
22 who was receiving a widow's annuity on or before January 1,
23 1971, shall have her widow's annuity then being paid increased
24 by 1% for each full year which has elapsed from the date the
25 widow's annuity began. On January 1, 1982, any recipient of a
26 widow's annuity who began receiving a widow's annuity after

1 January 1, 1971, but before January 1, 1981, shall have her
2 widow's annuity then being paid increased by 1% for each full
3 year which has elapsed from the date the widow's annuity began.
4 On January 1, 1987, any recipient of a widow's annuity who
5 began receiving the widow's annuity on or before January 1,
6 1977, shall have the monthly widow's annuity increased by \$1
7 for each full year which has elapsed since the date the annuity
8 began.

9 (g) Beginning January 1, 1990, every widow's annuity shall
10 be increased (1) on each January 1 occurring on or after the
11 commencement of the annuity if the deceased member died while
12 receiving a retirement annuity, or (2) in other cases, on each
13 January 1 occurring on or after the first anniversary of the
14 commencement of the annuity, by an amount equal to 3% of the
15 current amount of the annuity, including any previous increases
16 under this Article. Such increases shall apply without regard
17 to whether the deceased member was in service on or after the
18 effective date of Public Act 86-1488, but shall not accrue for
19 any period prior to January 1, 1990.

20 (Source: P.A. 95-279, eff. 1-1-08.)

21 (40 ILCS 5/14-121) (from Ch. 108 1/2, par. 14-121)

22 Sec. 14-121. Amount of survivors annuity. A survivors
23 annuity beneficiary shall be entitled upon death of the member
24 to a single sum payment of \$1,000, payable pro rata among all
25 persons entitled thereto, together with a survivors annuity

1 payable at the rates and under the conditions specified in this
2 Article.

3 (a) If the survivors annuity beneficiary is a spouse, the
4 survivors annuity shall be 30% of final average compensation
5 subject to a maximum payment of \$400 per month.

6 (b) If an eligible child or children under the care of a
7 spouse also survives the member, such spouse as natural
8 guardian of the child or children shall receive, in addition to
9 the foregoing annuity, 20% of final average compensation on
10 account of each such child and 10% of final average
11 compensation divided pro rata among such children, subject to a
12 maximum payment on account of all survivor annuity
13 beneficiaries of \$600 per month, or 80% of the member's final
14 average compensation, whichever is the lesser.

15 (c) If the survivors annuity beneficiary or beneficiaries
16 consists of an unmarried child or children, the amount of
17 survivors annuity shall be 20% of final average compensation to
18 each child, and 10% of final average compensation divided pro
19 rata among all such children entitled to such annuity, subject
20 to a maximum payment to all children combined of \$600 per month
21 or 80% of the member's final average compensation, whichever is
22 the lesser.

23 (d) If the survivors annuity beneficiary is one or more
24 dependent parents, the annuity shall be 20% of final average
25 compensation to each parent and 10% of final average
26 compensation divided pro rata among the parents who qualify for

1 this annuity, subject to a maximum payment to both dependent
2 parents of \$400 per month.

3 (e) The survivors annuity to the spouse, children or
4 dependent parents of a member whose death occurs after the date
5 of last withdrawal, or after retirement, or while in service
6 following reentry into service after retirement but before
7 completing 1 1/2 years of additional creditable service, shall
8 not exceed the lesser of 80% of the member's earned retirement
9 annuity at the date of death or the maximum previously
10 established in this Section.

11 (f) In applying the limitation prescribed on the combined
12 payments to 2 or more survivors annuity beneficiaries, the
13 annuity on account of each beneficiary shall be reduced pro
14 rata until such time as the number of beneficiaries makes the
15 reduction no longer applicable.

16 (g) Except as otherwise provided in this subsection (g) and
17 Section 14-152.2, a survivors annuity payable on account of any
18 covered employee who has ~~shall have~~ been a covered employee for
19 at least 18 months at date of death or last withdrawal,
20 whichever is the later, shall be reduced by 1/2 of the
21 survivors benefits to which his beneficiaries are eligible
22 under the federal Social Security Act, except that (1) the
23 survivors annuity payable under this Article shall not be
24 reduced by any increase under that Act which occurs after the
25 offset required by this subsection is first applied to that
26 annuity, (2) for benefits granted on or after January 1, 1992,

1 the offset under this subsection (g) shall not exceed 50% of
2 the amount of survivors annuity otherwise payable.

3 Beginning on July 1, 2009 (and except as otherwise provided
4 in Section 14-152.2), the offset under this subsection (g)
5 shall no longer be applied to a survivors annuity of any person
6 with military service that is receiving retirement benefits or
7 a survivors annuity on the effective date of this amendatory
8 Act of the 95th General Assembly.

9 Except as otherwise provided in Section 14-152.2, an active
10 member of the System with military service who is first
11 employed before January 1, 2009 must file an election to have
12 the offset under this subsection (g) applied to his or her
13 survivors annuity with the System before March 1, 2009. If no
14 election is made by the employee, then the employee must begin
15 making the additional 0.6% contribution required pursuant to
16 Section 14-133, and he or she may apply before September 1,
17 2009 to make the contributions for any prior service. Once the
18 member has made an election or failed to make the election to
19 have the offset applied to his or her survivors annuity within
20 the specified period, the member must maintain that status
21 until a qualifying event occurs. Upon the occurrence of a
22 qualifying event, (i) if the member's survivors annuity is
23 subject to the offset, the member may elect to remove the
24 offset and begin to make contributions for any service after
25 that date and, within 60 days after that date, make
26 contributions for any prior service without interest or (ii) if

1 the member's survivors annuity is not subject to the offset,
2 the member may elect to have the offset applied to his or her
3 survivors annuity and cease making the contributions, but shall
4 receive no refund for the contributions.

5 Except as otherwise provided in Section 14-152.2, unless an
6 active member of the System with military service who is first
7 employed on or after January 1, 2009 files an election to have
8 the offset under this subsection (g) applied to his or her
9 survivors annuity with the System during his or her qualifying
10 period, he or she shall begin making the 1.1% contribution
11 required under Section 14-133. After the qualifying period, the
12 member must maintain his or her offset status until a
13 qualifying event occurs. Upon the occurrence of a qualifying
14 event, (i) if the member's survivors annuity is subject to the
15 offset, the member may elect to remove the offset and begin to
16 make contributions for any service after that date and, within
17 60 days after that date, make contributions for any prior
18 service without interest or (ii) if the member's survivors
19 annuity is not subject to the offset, the member may elect to
20 have the offset applied to his or her survivors annuity and
21 cease making the contributions, but shall receive no refund for
22 the contributions.

23 If a member has a qualifying survivor at the time of
24 retirement and has made the additional contributions pursuant
25 to Section 14-133 to remove the offset under this subsection
26 (g) for all of his or her creditable service, then the offset

1 under this subsection (d) does not apply to the member's
2 survivors benefit. If a member has a qualifying survivor at the
3 time of retirement and has made the additional contributions
4 under Section 14-133 to remove the offset under this subsection
5 (g) for a portion of his or her creditable service, then the
6 member may either (A) receive a refund of the additional
7 contributions made and have the offset under this subsection
8 (g) apply to the member's survivors annuity or (B) make the
9 required contributions for any period for which he or she has
10 not contributed, plus interest. If a member does not have a
11 qualifying survivor at the time of retirement, then the member
12 may receive a refund of the additional contributions made
13 pursuant to Section 14-133 to remove the offset under this
14 subsection (g).

15 For the purposes of this subsection (g), "qualifying event"
16 includes a change in marital status (including the death of a
17 spouse) or the adoption or birth of a child.

18 (h) The minimum payment to a beneficiary hereunder shall be
19 \$60 per month, which shall be reduced in accordance with the
20 limitation prescribed on the combined payments to all
21 beneficiaries of a member.

22 (i) Subject to the conditions set forth in Section 14-120,
23 the minimum total survivors annuity benefit payable to the
24 survivors annuity beneficiaries of a deceased member or
25 annuitant whose death occurs on or after January 1, 1984, shall
26 be 50% of the amount of retirement annuity that was or would

1 have been payable to the deceased on the date of death,
2 regardless of the age of the deceased on such date. If the
3 minimum total benefit provided by this subsection exceeds the
4 maximum otherwise imposed by this Section, the minimum total
5 benefit shall nevertheless be payable. Any increase in the
6 total survivors annuity benefit resulting from the operation of
7 this subsection shall be divided among the survivors annuity
8 beneficiaries of the deceased in proportion to their shares of
9 the total survivors annuity benefit otherwise payable under
10 this Section.

11 (j) Any survivors annuity beneficiary whose annuity
12 terminates due to any condition specified in this Article other
13 than death shall be entitled to a refund of the excess, if any,
14 of the accumulated contributions of the member plus credited
15 interest over all payments to the member and beneficiary or
16 beneficiaries, exclusive of the single sum payment of \$1,000,
17 provided no future survivors or reversionary annuity benefits
18 are payable.

19 (k) Upon the death of the last eligible recipient of a
20 survivors annuity the excess, if any, of the member's
21 accumulated contributions plus credited interest over all
22 annuity payments to the member and survivors exclusive of the
23 single sum payment of \$1000, shall be paid to the named
24 beneficiary of the last eligible survivor, or if none has been
25 named, to the estate of the last eligible survivor, provided no
26 reversionary annuity is payable.

1 (1) On January 1, 1981, any survivor who was receiving a
2 survivors annuity on or before January 1, 1971, shall have his
3 survivors annuity then being paid increased by 1% for each full
4 year which has elapsed from the date the annuity began. On
5 January 1, 1982, any survivor who began receiving a survivor's
6 annuity after January 1, 1971, but before January 1, 1981,
7 shall have his survivor's annuity then being paid increased by
8 1% for each full year that has elapsed from the date the
9 annuity began. On January 1, 1987, any survivor who began
10 receiving a survivor's annuity on or before January 1, 1977,
11 shall have the monthly survivor's annuity increased by \$1 for
12 each full year which has elapsed since the date the survivor's
13 annuity began.

14 (m) Beginning January 1, 1990, every survivor's annuity
15 shall be increased (1) on each January 1 occurring on or after
16 the commencement of the annuity if the deceased member died
17 while receiving a retirement annuity, or (2) in other cases, on
18 each January 1 occurring on or after the first anniversary of
19 the commencement of the annuity, by an amount equal to 3% of
20 the current amount of the annuity, including any previous
21 increases under this Article. Such increases shall apply
22 without regard to whether the deceased member was in service on
23 or after the effective date of Public Act 86-1488, but shall
24 not accrue for any period prior to January 1, 1990.

25 (Source: P.A. 86-273; 86-1488; 87-794.)

1 (40 ILCS 5/14-130) (from Ch. 108 1/2, par. 14-130)

2 Sec. 14-130. Refunds; rules.

3 (a) Upon withdrawal a member is entitled to receive, upon
4 written request, a refund of the member's contributions,
5 including credits granted while in receipt of disability
6 benefits, without credited interest. The board, in its
7 discretion may withhold payment of the refund of a member's
8 contributions for a period not to exceed 1 year after the
9 member has ceased to be an employee.

10 For purposes of this Section, a member will be considered
11 to have withdrawn from service if a change in, or transfer of,
12 his position results in his becoming ineligible for continued
13 membership in this System and eligible for membership in
14 another public retirement system under this Act.

15 (b) A member receiving a refund forfeits and relinquishes
16 all accrued rights in the System, including all accumulated
17 creditable service. If the person again becomes a member of the
18 System and establishes at least 2 years of creditable service,
19 the member may repay all the moneys previously refunded or a
20 portion of the moneys previously refunded representing
21 contributions for one or more whole months of creditable
22 service. If a member repays a portion of moneys previously
23 refunded, he or she may later repay some or all of the
24 remaining portion of those previously refunded moneys.
25 However, a former member may restore credits previously
26 forfeited by acceptance of a refund without returning to

1 service by applying in writing and repaying to the System, by
2 April 1, 1993, the amount of the refund plus regular interest
3 calculated from the date of refund to the date of repayment.

4 The repayment of refunds issued prior to January 1, 1984
5 shall consist of the amount refunded plus 5% interest per annum
6 compounded annually for the period from the date of the refund
7 to the end of the month in which repayment is made. The
8 repayment of refunds issued after January 1, 1984 shall consist
9 of the amount refunded plus regular interest for the period
10 from the date of refund to the end of the month in which
11 repayment is made. The repayment of the refund of a person who
12 accepts an alternative retirement cancellation payment under
13 Section 14-108.5 shall consist of the entire amount paid to the
14 person under subsection (c) of Section 14-108.5 plus regular
15 interest for the period from the date of the refund to the end
16 of the month in which repayment is made. However, in the case
17 of a refund that is repaid in a lump sum between January 1,
18 1991 and July 1, 1991, repayment shall consist of the amount
19 refunded plus interest at the rate of 2.5% per annum compounded
20 annually from the date of the refund to the end of the month in
21 which repayment is made.

22 Upon repayment, the member shall receive credit for the
23 service for which the refund has been repaid, and the
24 corresponding member contributions and regular interest that
25 was forfeited by acceptance of the refund, as well as regular
26 interest for the period of non-membership. Such repayment shall

1 be made in full before retirement either in a lump sum or in
2 installment payments in accordance with such rules as may be
3 adopted by the board.

4 (b-5) The Board may adopt rules governing the repayment of
5 refunds and establishment of credits in cases involving awards
6 of back pay or reinstatement. The rules may authorize repayment
7 of a refund in installment payments and may waive the payment
8 of interest on refund amounts repaid in full within a specified
9 period.

10 (c) A member no longer in service who is unmarried and does
11 not have an eligible survivors annuity beneficiary on the date
12 of application therefor is entitled to a refund of
13 contributions for widow's annuity or survivors annuity
14 purposes, or both, as the case may be, including the increased
15 amounts paid pursuant to the increase in contribution rates for
16 widow or survivors annuity purposes under Section 14-133 by
17 this amendatory Act of the 95th General Assembly, without
18 interest. A widow's annuity or survivors annuity shall not be
19 payable upon the death of a person who has received this
20 refund, unless prior to that death the amount of the refund has
21 been repaid to the System, together with regular interest from
22 the date of the refund to the date of repayment.

23 (d) Any member who has service credit in any position for
24 which an alternative retirement annuity is provided and in
25 relation to which an increase in the rate of employee
26 contribution is required, shall be entitled to a refund,

1 without interest, of that part of the member's employee
2 contribution which results from that increase in the employee
3 rate if the member does not qualify for that alternative
4 retirement annuity at the time of retirement.

5 (Source: P.A. 93-839, eff. 7-30-04; 94-455, eff. 8-4-05.)

6 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

7 Sec. 14-131. Contributions by State.

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

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

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

24 The Board shall also determine a State contribution rate
25 for each fiscal year, expressed as a percentage of payroll,

1 based on the total required State contribution for that fiscal
2 year (less the amount received by the System from
3 appropriations under Section 8.12 of the State Finance Act and
4 Section 1 of the State Pension Funds Continuing Appropriation
5 Act, if any, for the fiscal year ending on the June 30
6 immediately preceding the applicable November 15 certification
7 deadline), the estimated payroll (including all forms of
8 compensation) for personal services rendered by eligible
9 employees, and the recommendations of the actuary.

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

17 (c) Contributions shall be made by the several departments
18 for each pay period by warrants drawn by the State Comptroller
19 against their respective funds or appropriations based upon
20 vouchers stating the amount to be so contributed. These amounts
21 shall be based on the full rate certified by the Board under
22 Section 14-135.08 for that fiscal year. From the effective date
23 of this amendatory Act of the 93rd General Assembly through the
24 payment of the final payroll from fiscal year 2004
25 appropriations, the several departments shall not make
26 contributions for the remainder of fiscal year 2004 but shall

1 instead make payments as required under subsection (a-1) of
2 Section 14.1 of the State Finance Act. The several departments
3 shall resume those contributions at the commencement of fiscal
4 year 2005.

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

19 (e) The calculation of the minimum contribution under this
20 subsection (e) shall not be affected by the changes made to
21 Sections 14-119, 14-121, 14-130, and 14-133 by this amendatory
22 Act of the 95th General Assembly.

23 For State fiscal years 2011 through 2045, the minimum
24 contribution to the System to be made by the State for each
25 fiscal year shall be an amount determined by the System to be
26 sufficient to bring the total assets of the System up to 90% of

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

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

26 Notwithstanding any other provision of this Article, the

1 total required State contribution to the System for State
2 fiscal year 2006 is \$203,783,900.

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

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 Amounts received by the System pursuant to Section 25 of
17 the Budget Stabilization Act in any fiscal year do not reduce
18 and do not constitute payment of any portion of the minimum
19 State contribution required under this Article in that fiscal
20 year. Such amounts shall not reduce, and shall not be included
21 in the calculation of, the required State contributions under
22 this Article in any future year until the System has reached a
23 funding ratio of at least 90%. A reference in this Article to
24 the "required State contribution" or any substantially similar
25 term does not include or apply to any amounts payable to the
26 System under Section 25 of the Budget Stabilization Act.

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

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

23 (Source: P.A. 93-2, eff. 4-7-03; 93-665, eff. 3-5-04; 94-4,
24 eff. 6-1-05; 94-839, eff. 6-6-06.)

25 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

1 Sec. 14-133. Contributions on behalf of members.

2 (a) Each participating employee shall make contributions
3 to the System, based on the employee's compensation, as
4 follows:

5 (1) Covered employees, except as indicated below, 3.5%
6 for retirement annuity, and 0.5% for a widow or survivors
7 annuity. After June 30, 2009, the retirement contribution
8 for a covered employee with military service is increased
9 0.6% if the Social Security offset is removed from his or
10 her widow's or survivors annuity, thus making his or her
11 total contribution for that purpose 1.1%.†

12 (2) Noncovered employees, except as indicated below,
13 7% for retirement annuity and 1% for a widow or survivors
14 annuity.†

15 (3) Noncovered employees serving in a position in which
16 "eligible creditable service" as defined in Section 14-110
17 may be earned, 1% for a widow or survivors annuity plus the
18 following amount for retirement annuity: 8.5% through
19 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%
20 in 2004 and thereafter.†

21 (4) Covered employees serving in a position in which
22 "eligible creditable service" as defined in Section 14-110
23 may be earned, 0.5% for a widow or survivors annuity, plus
24 the following amount for retirement annuity: 5% through
25 December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004
26 and thereafter. After June 30, 2009, the retirement

1 contribution for a covered employee with military service
2 is increased 0.6% to remove the Social Security offset from
3 his or her widow's or survivors annuity, thus making his or
4 her total contribution for that purpose 1.1%.†

5 (5) Each security employee of the Department of
6 Corrections or of the Department of Human Services who is a
7 covered employee, 0.5% for a widow or survivors annuity,
8 plus the following amount for retirement annuity: 5%
9 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
10 in 2004 and thereafter. After June 30, 2009, the retirement
11 contribution for a covered employee with military service
12 is increased 0.6% to remove the Social Security offset from
13 his or her widow's or survivors annuity, thus making his or
14 her total contribution for that purpose 1.1%.†

15 (6) Each security employee of the Department of
16 Corrections or of the Department of Human Services who is
17 not a covered employee, 1% for a widow or survivors annuity
18 plus the following amount for retirement annuity: 8.5%
19 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
20 11.5% in 2004 and thereafter.

21 (b) Contributions shall be in the form of a deduction from
22 compensation and shall be made notwithstanding that the
23 compensation paid in cash to the employee shall be reduced
24 thereby below the minimum prescribed by law or regulation. Each
25 member is deemed to consent and agree to the deductions from
26 compensation provided for in this Article, and shall receipt in

1 full for salary or compensation.

2 (c) The increase in contributions by covered members for
3 widow or survivors annuity purposes provided by this amendatory
4 Act of the 95th General Assembly does not apply to persons who
5 first become members of the System on or after July 1, 2014, if
6 the new benefit increase created by this amendatory Act expires
7 in accordance with Section 14-152.1(d) and Section 14-152.2.

8 (Source: P.A. 92-14, eff. 6-28-01.)

9 (40 ILCS 5/14-152.2)

10 Sec. 14-152.2. New benefit increases.

11 (a) The General Assembly finds and declares that the
12 amendment to Section 14-104 made by this amendatory Act of the
13 95th General Assembly that allows members to establish
14 creditable service for certain participation in the University
15 of Illinois Government Public Service Internship Program
16 (GPSI) constitutes a new benefit increase within the meaning of
17 Section 14-152.1. Funding for this new benefit increase will be
18 provided by additional employee contributions under subsection
19 (r) of Section 14-104.

20 (b) The General Assembly finds and declares that the
21 amendment to Sections 14-119 and 14-121 made by this amendatory
22 Act of the 95th General Assembly, which removes the social
23 security offset from certain widow's and survivors annuities
24 beginning July 1, 2009, constitutes a new benefit increase
25 within the meaning of Section 14-152.1. Funding for this new

1 benefit increase will be provided by the additional employee
2 contributions made under Section 14-133 by this amendatory Act.

3 Unless this new benefit increase is extended by the General
4 Assembly, it will expire on July 1, 2014. If this new benefit
5 increase expires:

6 (i) for persons who first become members of the System
7 on or after the July 1, 2014 expiration date (and their
8 widows and survivors), the social security offsets under
9 Section 14-119(d) and Section 14-121(g), as they existed
10 immediately prior to the effective date of this amendatory
11 Act, are reinstated, and the increase in contributions by
12 covered members for widow or survivors annuity purposes
13 under Section 14-133 does not apply; and

14 (ii) for persons who first become members of the System
15 before July 1, 2014 and made the required elective
16 contributions under Section 14-133 (and their widows and
17 survivors), the social security offsets under Section
18 14-119(d) and Section 14-121(g) remain inapplicable after
19 July 1, 2009 and the increase in contributions by covered
20 members for widow or survivors annuity purposes under
21 Section 14-133 remains in effect.

22 (Source: P.A. 95-652, eff. 10-11-07.)

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