HB0149

LRB09705351JDS45406b

97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB0149

Introduced 1/18/2011, by Rep. Tom Cross - Dave Winters - Darlene J. Senger - Sandra M. Pihos and Chris Nybo

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. Requires current participants in the State-funded pension and retirement systems to make a one-time, irrevocable election of one of the following: (i) the traditional benefit package under the applicable Article of the Pension Code, (ii) the existing benefit package for new hires, or (iii) a self-managed plan (if made available by the participant's employer). Authorizes persons who became or become participants on or after January 1, 2011 to irrevocably elect either: (i) the benefit package for new hires or (ii) the self-managed plan (if made available by the participant's employer). Sets forth the requirements for the self-managed plan and provides that if such a plan is available it is the default plan if a participant fails to make an election. In the Articles creating the State-funded pension and retirement systems, provides: (i) that, beginning in fiscal year 2013, the State's required contribution is the greater of 6% of the applicable employee payroll or one-half of the actuarially-determined normal cost of the benefit package for new hires and (ii) that the required employee contribution will be based on the benefit package elected by the participant. Amends the Illinois Public Labor Relations Act to provide that the changes made by the amendatory Act control when there is a conflict with the Illinois Public Labor Relations Act.

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FISCAL NOTE ACT MAY APPLY

PENSION IMPACT NOTE ACT MAY APPLY

A BILL FOR

AN ACT concerning public employee benefits.

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

Section 5. The Illinois Public Labor Relations Act is amended by changing Section 15 as follows:

(5 ILCS 315/15) (from Ch. 48, par. 1615)

Sec. 15. Act Takes Precedence.

(a) In case of any conflict between the provisions of this Act and any other law (other than Section 5 of the State Employees Group Insurance Act of 1971 and other than the changes made to the Illinois Pension Code by this amendatory Act of the 96th General Assembly or by this amendatory Act of the 97th General Assembly), executive order or administrative regulation relating to wages, hours and conditions of employment and employment relations, the provisions of this Act or any collective bargaining agreement negotiated thereunder shall prevail and control. Nothing in this Act shall be construed to replace or diminish the rights of employees established by Sections 28 and 28a of the Metropolitan Transit Authority Act, Sections 2.15 through 2.19 of the Regional Transportation Authority Act. The provisions of this Act are subject to Section 5 of the State Employees Group Insurance Act of 1971. Nothing in this Act shall be construed to replace the necessity of complaints against a sworn peace officer, as defined in Section 2(a) of the Uniform Peace Officer Disciplinary Act, from having a complaint supported by a sworn affidavit.

(b) Except as provided in subsection (a) above, any collective bargaining contract between a public employer and a labor organization executed pursuant to this Act shall supersede any contrary statutes, charters, ordinances, rules or regulations relating to wages, hours and conditions of employment and employment relations adopted by the public employer or its agents. Any collective bargaining agreement entered into prior to the effective date of this Act shall remain in full force during its duration.

(c) It is the public policy of this State, pursuant to paragraphs (h) and (i) of Section 6 of Article VII of the Illinois Constitution, that the provisions of this Act are the exclusive exercise by the State of powers and functions which might otherwise be exercised by home rule units. Such powers and functions may not be exercised concurrently, either directly or indirectly, by any unit of local government, including any home rule unit, except as otherwise authorized by this Act.

(Source: P.A. 95-331, eff. 8-21-07; 96-889, eff. 1-1-11.)

Section 10. The Illinois Pension Code is amended by changing Sections 2-124, 2-126, 14-131, 14-133, 15-155, 15-157, 16-152, 16-158, 18-131, and 18-133 and by adding Sections 1-161, 1-162, and 1-163 as follows:

(40 ILCS 5/1-161 new)

Sec. 1-161. Benefits accruals on and after July 1, 2012.

(a) Each participant under a retirement system or pension fund established under Article 2, 14, 15, 16, or 18 of this Code, other than a person who first becomes an employee and a participant on or after January 1, 2011, shall be given the choice to elect which retirement program he or she wishes to participate in with respect to all periods of covered employment occurring on and after July 1, 2012. The retirement program election made by the participant must be made no later than January 1, 2012. The participant shall elect one of the following retirement programs:

(1) the traditional benefit package provided by the applicable retirement system or pension fund prior to Public Act 96-889;

(2) the revised benefit package provided by the applicable retirement system or pension fund to new employees under Public Act 96-889; or

(3) the self-managed plan provided under Section 1-162, if the participant's employer has elected to adopt such plan.

(b) A person who first becomes an employee and a participant under a retirement system or pension fund established under Article 2, 14, 15, 16, or 18 of this Code, on or after January 1, 2011, shall be given the choice to elect which retirement program he or she wishes to participate in with respect to all periods of covered employment occurring on and after July 1, 2012. The participant shall elect one of the retirement programs provided in paragraph (2) or (3) of subsection (a) of this Section. The retirement program election made by the participant must be made no later than January 1, 2012 or within 30 days after the participant's first day of covered employment, whichever is later.

(c) If a participant's employer elects to adopt the self-managed plan provided under Section 1-162 after the participant has already made his or her election under this Section, the participant shall have the option to discontinue his or her participation in the traditional benefit package or revised benefit package, and commence participation in the self-managed plan by making an election within 30 days after the participant's employer adopts the self-managed plan.

(d) The participant election authorized by this Section is a one-time, irrevocable election, unless a subsequent election is permitted under subsection (c) of this Section. The election shall be made in writing, in the manner prescribed by the applicable retirement system or pension fund. Any participant who fails to make the election shall, by default, participate in the benefit program provided under paragraph (3) of subsection (a) of this Section if the participant's employer has elected to adopt such a plan. If the participant's employer has not elected to adopt such a plan, then any participant who fails to make this election shall, by default, participate in the benefit program provided under paragraph (2) of subsection (a) of this Section.

(e) If a participant with an accrued benefit under the traditional benefit package provided by the applicable retirement system or pension fund prior to Public Act 96-889 elects the revised benefit package provided under paragraph (2) of subsection (a) of this Section, the participant's total accrued benefit for purposes of determining an annuity shall be the sum of (i) the participant's benefit accruals before July 1, 2012, based on the participant's pay and service through June 30, 2012 and frozen with respect to pay and service after that date and (ii) the participant's benefit accruals based on pay and service on or after July 1, 2012, as modified by the rules provided in Public Act 96-889.

(f) If a participant elects the self-managed plan provided under paragraph (3) of subsection (a) of this Section, the participant's total accrued benefit for purposes of determining an annuity shall be the participant's benefit accruals before July 1, 2012, based on the participant's pay and service through June 30, 2012 and frozen with respect to pay and service after that date. However, the participant shall also have an accrued self-managed plan benefit as specified in subsection (g) of Section 1-162, for periods of covered employment on or after July 1, 2012.

(40 ILCS 5/1-162 new)

Sec. 1-162. Self-managed plan.

(a) Each retirement system established under Article 2, 14, 16, or 18 of this Code shall establish and administer a self-managed plan, which shall offer participating employees the opportunity to accumulate assets for retirement through a combination of employee and employer contributions that may be invested in mutual funds, collective investment funds, or other investment products and used to purchase annuity contracts that are fixed, variable, or a combination thereof. The plan must be qualified under the Internal Revenue Code of 1986. The State Universities Retirement System shall continue to administer the self-managed plan provided under Section 15-158.2 of this Code.

(b) Each employer subject to Article 2, 14, 16, or 18 of this Code may elect to adopt the self-managed plan established under this Section; this election is irrevocable. An employer's election to adopt the self-managed plan makes available to the eligible employees of that employer the election described in paragraph (3) of subsection (a) of Section 1-161.

Each applicable retirement system shall be the plan sponsor for the self-managed plan and shall prepare a plan document and prescribe the rules and procedures that are necessary or desirable for the administration of the self-managed plan.

Consistent with its fiduciary duty to the participants and beneficiaries of the self-managed plan, the board of trustees of each retirement system may delegate aspects of plan administration as it sees fit to companies authorized to do business in this State, to the employers, or to a combination of both.

(c) An employee eligible to participate in the self-managed plan must make a written election in accordance with the provisions of Section 1-161 and the procedures established by the retirement system. Participation in the self-managed plan by an electing employee shall begin on the first day of the first pay period following the later of (i) the date the employee's election is filed with the retirement system or (ii) the effective date upon which the employee's employer begins to offer participation in the self-managed plan.

(d) Employees who are participating in the program must be allowed to direct the transfer of their account balances among the various investment options offered, subject to applicable contractual provisions. The participant shall not be deemed a fiduciary by reason of providing investment direction. A person who is a fiduciary shall not be liable for any loss resulting from the investment direction of the employee and shall not be deemed to have breached any fiduciary duty by acting in accordance with that direction. Neither the retirement system nor any employer guarantees any of the investments in the employee's account balances.

(e) The self-managed plan shall be funded by contributions from employees participating in the self-managed plan and employer contributions as provided in Articles 2, 14, 16, and 18 of this Code. Employees may make additional contributions to the self-managed plan in accordance with the procedures prescribed by each retirement system, to the extent permitted under rules prescribed by the applicable retirement system. Employee and employer contributions shall be paid into the participant's self-managed plan accounts in a manner to be prescribed by each system or fund.

(f) A participant in the self-managed plan becomes vested in the employer contributions credited to his or her accounts in the self-managed plan on the earliest to occur of the following: (1) completion of 5 years of service with an employer described in Article 2, 14, 16, or 18 of this Code or (2) if the participant has completed at least 1 1/2 years of service, the death of the participating employee while employed by an employer described in Article 2, 14, 16, or 18 of this Code.

(g) If an employee who is vested in employer contributions terminates employment, the employee shall be entitled to a benefit that is based on the account values attributable to both employer and employee contributions and any investment return on those contributions.

If an employee who is not vested in employer contributions terminates employment, the employee shall be entitled to a benefit based solely on the account values attributable to the employee's contributions and any investment return on those contributions, and the employer contributions and any investment return on those contributions shall be forfeited. Any employer contributions that are forfeited shall be held in escrow by the company investing those contributions and shall be used as directed by the System for future allocations of employer contributions.

(40 ILCS 5/1-163 new)

Sec. 1-163. Minimum benefit provisions. Each employee participating in a system established under Article 2, 14, 15, 16, or 18 of this Code shall receive a minimum benefit or allocation determined as follows:

(1) If the employee is participating in the traditional benefit package provided under paragraph (1) of subsection (a) of Section 1-161 of this Code or the revised benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, the employee shall receive a minimum benefit (commencing on his or her Social Security retirement age) that is equal to the annual primary insurance amount the employee would have under Social Security. For the purposes of this item (1), the primary insurance amount an individual would have under Social Security shall be calculated so that the system meets the requirements necessary to be considered a "retirement

system" under Section 3121(b)(7)(F) of the Internal Revenue Code and the regulations in effect thereunder.

(2) If the employee is participating in the self-managed plan provided under paragraph (3) of subsection (a) of Section 1-161 of this Code, the employee shall receive a minimum allocation equal to 7.5% of the employee's compensation for service during the period. Contributions by the employer or the State shall be taken into account for this purpose. For the purposes of this paragraph (2), the minimum allocation shall be calculated so that the system meets the requirements necessary to be considered a "retirement system" under Section 3121(b)(7)(F) of the Internal Revenue Code and the regulations in effect thereunder.

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

Sec. 2-124. Contributions by State.

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

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

(c) For purposes of this Article:

(1) Notwithstanding any other provision of this Section, the minimum required State contribution with respect to benefit accruals occurring in years after fiscal year 2012 shall be 6% of the applicable employee payroll or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater. This contribution amount shall apply with respect to each participant in the System, regardless of whether the participant has elected the traditional benefit package provided under paragraph (1) of subsection (a) Section 1-161 of this Code, the revised benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, or the self-managed plan provided under paragraph (3) of subsection (a) Section 1-161 of this Code.

(2) In addition to the amounts contributed under paragraph (1) of this subsection (c), for State fiscal years 2013 through 2045, the State shall make an additional contribution to the System of an amount that is actuarially determined to be sufficient to fund, by the end of State fiscal year 2045, the System's unfunded liability attributable to service completed by the end of fiscal year 2012, calculated using fiscal year 2012 wage levels. In

calculating the contributions under this paragraph (2), the required State contribution shall be calculated each year as a level dollar amount over the years remaining to and including fiscal year 2045.

(3) Subject to the provisions of paragraphs (1) and (2) of this subsection (c):

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

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

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

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

For each of State fiscal years 2008 through 2009, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments from the required State contribution for State fiscal year 2007, so that by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2010 is $10,454,000 and shall be made from the proceeds of bonds sold in fiscal year 2010 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the General Revenue Fund in fiscal year 2010, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

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

Amounts received by the System pursuant to Section 25 of the Budget Stabilization Act or Section 8.12 of the

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 2-134, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

(d) For purposes of determining the required State contribution to the System, the value of the System's assets shall be equal to the actuarial value of the System's assets, which shall be calculated as follows:

As of June 30, 2008, the actuarial value of the System's assets shall be equal to the market value of the assets as of that date. In determining the actuarial value of the System's assets for fiscal years after June 30, 2008, any actuarial gains or losses from investment return incurred in a fiscal year shall be recognized in equal annual amounts over the 5-year period following that fiscal year.

(e) For purposes of determining the required State contribution to the system for a particular year, the actuarial value of assets shall be assumed to earn a rate of return equal to the system's actuarially assumed rate of return.

(Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09.)

(40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

Sec. 2-126. Contributions by participants.

(a) Each participant shall contribute toward the cost of his or her retirement annuity a percentage of each payment of salary received by him or her for service as a member as follows: for service between October 31, 1947 and January 1, 1959, 5%; for service between January 1, 1959 and June 30, 1969, 6%; for service between July 1, 1969 and January 10, 1973, 6 1/2%; for service after January 10, 1973, 7%; for service after December 31, 1981, 8 1/2%.

(b) Beginning August 2, 1949, each male participant, and from July 1, 1971, each female participant shall contribute towards the cost of the survivor's annuity 2% of salary.

A participant who has no eligible survivor's annuity beneficiary may elect to cease making contributions for survivor's annuity under this subsection. A survivor's annuity shall not be payable upon the death of a person who has made this election, unless prior to that death the election has been revoked and the amount of the contributions that would have been paid under this subsection in the absence of the election is paid to the System, together with interest at the rate of 4% per year from the date the contributions would have been made to the date of payment.

(c) Beginning July 1, 1967, each participant shall contribute 1% of salary towards the cost of automatic increase in annuity provided in Section 2-119.1. These contributions shall be made concurrently with contributions for retirement annuity purposes.

(d) In addition, each participant serving as an officer of the General Assembly shall contribute, for the same purposes and at the same rates as are required of a regular participant, on each additional payment received as an officer. If the participant serves as an officer for at least 2 but less than 4 years, he or she shall contribute an amount equal to the amount that would have been contributed had the participant served as an officer for 4 years. Persons who serve as officers in the 87th General Assembly but cannot receive the additional payment to officers because of the ban on increases in salary during their terms may nonetheless make contributions based on those additional payments for the purpose of having the additional payments included in their highest salary for annuity purposes; however, persons electing to make these additional contributions must also pay an amount representing the corresponding employer contributions, as calculated by the System.

(e) Notwithstanding any other provision of this Article, the required contribution of a participant who first becomes a participant on or after January 1, 2011 shall not exceed the contribution that would be due under this Article if that participant's highest salary for annuity purposes were

$106,800, plus any increases in that amount under Section 2-108.1.

(f) Notwithstanding anything in this Section to the contrary, effective July 1, 2012, all participants shall be required to make the following contributions:

(1) Participants who elect the traditional benefit package provided under paragraph (1) of subsection (a) of Section 1-161 of this Code shall contribute a percentage of salary equal to the sum of the following:

(A) 6% of salary or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater;

(B) an additional percentage of salary that is actuarially determined to equal the difference between the normal cost of the traditional plan and the normal cost of the revised benefit package; and

(C) an additional percentage of salary that is actuarially determined to be sufficient to amortize the portion of the System's unfunded liability at the end of fiscal year 2012 that is attributable to wage increases occurring after the effective date of this amendatory Act of the 97th General Assembly.

(2) Participants who elect the revised benefit package provided under paragraph (2) of subsection (a) of Section

1-161 of this Code shall contribute 6% of salary or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater.

(3) Participants who elect the self-managed plan provided under paragraph (3) of subsection (a) of Section 1-161 of this Code shall contribute 6% of salary or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater.

No prior contribution increases or other additional contributions specified by this Section shall apply to any participant for service on or after July 1, 2012.

(Source: P.A. 96-1490, eff. 1-1-11.)

(40 ILCS 5/14-131)

Sec. 14-131. Contributions by State.

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

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

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

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

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

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

(c-1) Notwithstanding subsection (c) of this Section, for fiscal year 2010 only, contributions by the several departments are not required to be made for General Revenue Funds payrolls processed by the Comptroller. Payrolls paid by the several departments from all other State funds must continue to be processed pursuant to subsection (c) of this Section.

(c-2) For State fiscal year 2010 only, on or as soon as possible after the 15th day of each month the Board shall submit vouchers for payment of State contributions to the System, in a total monthly amount of one-twelfth of the fiscal year 2010 General Revenue Fund appropriation to the System.

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

(e) For purposes of this Article:

(1) Notwithstanding any other provision of this Section, the minimum of the applicable required State contribution with respect to benefit accruals occurring in years after fiscal year 2012 shall be 6% employee payroll or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater. This contribution amount shall apply with respect to each participant in the System, regardless of whether the participant has elected the traditional benefit package provided under paragraph (1)

of subsection (a) of Section 1-161 of this Code, the revised benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, or the self-managed plan provided under paragraph (3) of subsection (a) of Section 1-161 of this Code.

(2) In addition to the amounts contributed under paragraph (1) of this subsection (e), for State fiscal years 2013 through 2045, the State shall make an additional contribution to the System of an amount that is actuarially determined to be sufficient to fund, by the end of State fiscal year 2045, the System's unfunded liability attributable to service completed by the end of fiscal year 2012, calculated using fiscal year 2012 wage levels. In calculating the contributions under this paragraph (2), the required State contribution shall be calculated each year as a level dollar amount over the years remaining to and including fiscal year 2045.

(3) Subject to the provisions of paragraphs (1) and (2) of this subsection (e):

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

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

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

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

For each of State fiscal years 2008 through 2009, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments from the required State contribution for State fiscal year 2007, so that by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

Notwithstanding any other provision of this Article, the total required State General Revenue Fund contribution for State fiscal year 2010 is $723,703,100 and shall be made from the proceeds of bonds sold in fiscal year 2010 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the General Revenue Fund in fiscal year 2010, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

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

Amounts received by the System pursuant to Section 25 of the Budget Stabilization Act or Section 8.12 of the State Finance Act in any fiscal year do not reduce and do not constitute payment of any portion of the minimum State contribution required under this Article in that fiscal year. Such amounts shall not reduce, and shall not be included in the calculation of, the required State contributions under this Article in any future year until the System has reached a funding ratio of at least 90%. A reference in this Article to the "required State contribution" or any substantially similar term does not include or apply to any amounts payable to the System under Section 25 of the Budget Stabilization Act.

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 14-135.08, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the

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

(f) After the submission of all payments for eligible employees from personal services line items in fiscal year 2004 have been made, the Comptroller shall provide to the System a certification of the sum of all fiscal year 2004 expenditures for personal services that would have been covered by payments to the System under this Section if the provisions of this amendatory Act of the 93rd General Assembly had not been enacted. Upon receipt of the certification, the System shall determine the amount due to the System based on the full rate certified by the Board under Section 14-135.08 for fiscal year 2004 in order to meet the State's obligation under this Section. The System shall compare this amount due to the amount received by the System in fiscal year 2004 through payments under this Section and under Section 6z-61 of the State Finance Act. If the amount due is more than the amount received, the difference shall be termed the "Fiscal Year 2004 Shortfall" for purposes of this Section, and the Fiscal Year 2004 Shortfall shall be satisfied under Section 1.2 of the State Pension Funds Continuing Appropriation Act. If the amount due is less than the amount received, the difference shall be termed the "Fiscal Year 2004 Overpayment" for purposes of this Section, and the Fiscal Year 2004 Overpayment shall be repaid by the System to the Pension Contribution Fund as soon as practicable after the certification.

(g) For purposes of determining the required State contribution to the System, the value of the System's assets shall be equal to the actuarial value of the System's assets, which shall be calculated as follows:

As of June 30, 2008, the actuarial value of the System's assets shall be equal to the market value of the assets as of that date. In determining the actuarial value of the System's assets for fiscal years after June 30, 2008, any actuarial gains or losses from investment return incurred in a fiscal year shall be recognized in equal annual amounts over the 5-year period following that fiscal year.

(h) For purposes of determining the required State contribution to the System for a particular year, the actuarial value of assets shall be assumed to earn a rate of return equal to the System's actuarially assumed rate of return.

(i) After the submission of all payments for eligible employees from personal services line items paid from the General Revenue Fund in fiscal year 2010 have been made, the Comptroller shall provide to the System a certification of the sum of all fiscal year 2010 expenditures for personal services that would have been covered by payments to the System under this Section if the provisions of this amendatory Act of the 96th General Assembly had not been enacted. Upon receipt of the certification, the System shall determine the amount due to the System based on the full rate certified by the Board under Section 14-135.08 for fiscal year 2010 in order to meet the State's obligation under this Section. The System shall compare this amount due to the amount received by the System in fiscal year 2010 through payments under this Section. If the amount due is more than the amount received, the difference shall be termed the "Fiscal Year 2010 Shortfall" for purposes of this Section, and the Fiscal Year 2010 Shortfall shall be satisfied under Section 1.2 of the State Pension Funds Continuing Appropriation Act. If the amount due is less than the amount received, the difference shall be termed the "Fiscal Year 2010 Overpayment" for purposes of this Section, and the Fiscal Year 2010 Overpayment shall be repaid by the System to the General Revenue Fund as soon as practicable after the certification.

(Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09; 96-45, eff. 7-15-09; 96-1000, eff. 7-2-10.)

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

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

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

(1) Covered employees, except as indicated below, 3.5% for retirement annuity, and 0.5% for a widow or survivors annuity;

(2) Noncovered employees, except as indicated below, 7% for retirement annuity and 1% for a widow or survivors annuity;

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

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

(5) Each security employee of the Department of Corrections or of the Department of Human Services who is a covered employee, 0.5% for a widow or survivors annuity

plus the following amount for retirement annuity: 5% through December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004 and thereafter;

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

(7) Notwithstanding anything in this Section to the contrary, effective July 1, 2012, all employees shall be required to make the following contributions:

(A) Participants who elect the traditional benefit package provided under paragraph (1) of subsection (a) of Section 1-161 of this Code shall contribute a percentage of salary equal to the sum of the following:

(i) 6% of salary or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater;

(ii) an additional percentage of salary that is actuarially determined to equal the difference between the normal cost of the traditional plan and the normal cost of the revised benefit package; and

(iii) an additional percentage of salary that is actuarially determined as sufficient to amortize the portion of the System's unfunded liability at the end of fiscal year 2012 that is attributable to wage increases occurring after the effective date of this amendatory Act of the 97th General Assembly.

(B) Participants who elect the revised benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code shall contribute 6% of compensation or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater.

(C) Participants who elect the self-managed plan provided under paragraph (3) of subsection (a) of Section 1-161 of this Code shall contribute 6% of compensation or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater.

No prior contribution increases or other additional contributions specified by this Section shall apply to any employee for service on or after July 1, 2012.

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

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

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

Sec. 15-155. Employer contributions.

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

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

(a-1) <u>For purposes of this Article:</u>

<u>(1) Notwithstanding any other provision of this Section, the minimum required State contribution with respect to benefit accruals occurring in years after fiscal year 2012 shall be 6% of the applicable employee payroll or one-half of the actuarially-determined normal cost of the</u>

revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater. This contribution amount shall apply with respect to each participant in the system, regardless of whether the participant has elected the traditional benefit package provided under paragraph (1) of subsection (a) of Section 1-161 of this Code, the revised benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, or the self-managed plan provided under paragraph (3) of subsection (a) of Section 1-161 of this Code.

(2) In addition to the amounts contributed under paragraph (1), for State fiscal years 2013 through 2045, the State shall make an additional contribution to the System of an amount that is actuarially determined to be sufficient to fund, by the end of State fiscal year 2045, the System's unfunded liability attributable to service completed by the end of fiscal year 2012, calculated using fiscal year 2012 wage levels. In calculating the contributions under this paragraph (2), the required State contribution shall be calculated each year as a level dollar amount over the years remaining to and including fiscal year 2045.

(3) Subject to the provisions of paragraph (1) and (2) of this subsection (a-1):

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

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

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

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

For each of State fiscal years 2008 through 2009, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments from the required State contribution for

State fiscal year 2007, so that by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2010 is $702,514,000 and shall be made from the State Pensions Fund and proceeds of bonds sold in fiscal year 2010 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the General Revenue Fund in fiscal year 2010, (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

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

Amounts received by the System pursuant to Section 25 of the Budget Stabilization Act or Section 8.12 of the State Finance Act in any fiscal year do not reduce and do not constitute payment of any portion of the minimum State contribution required under this Article in that fiscal year. Such amounts shall not reduce, and shall not be included in the calculation of, the required State contributions under this Article in any future year until the System has reached a funding ratio of at least 90%. A reference in this Article to the "required State contribution" or any substantially similar term does not include or apply to any amounts payable to the System under Section 25 of the Budget Stabilization Act.

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

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

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

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

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

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

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

(g) If the amount of a participant's earnings for any academic year used to determine the final rate of earnings, determined on a full-time equivalent basis, exceeds the amount of his or her earnings with the same employer for the previous academic year, determined on a full-time equivalent basis, by more than 6%, the participant's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, the present value of the increase in benefits resulting from the portion of the increase in earnings that is in excess of 6%. This present value shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. The System may require the employer to provide any pertinent information or documentation.

Whenever it determines that a payment is or may be required under this subsection (g), the System shall calculate the amount of the payment and bill the employer for that amount. The bill shall specify the calculations used to determine the amount due. If the employer disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to the System in writing for a recalculation. The application must specify in detail the grounds of the dispute and, if the employer asserts that the calculation is subject to subsection (h) or (i) of this Section, must include an affidavit setting forth and attesting to all facts within the employer's knowledge that are pertinent to the applicability of subsection (h) or (i). Upon receiving a timely application for recalculation, the System shall review the application and, if appropriate, recalculate the amount due.

The employer contributions required under this subsection (f) may be paid in the form of a lump sum within 90 days after receipt of the bill. If the employer contributions are not paid within 90 days after receipt of the bill, then interest will be charged at a rate equal to the System's annual actuarially assumed rate of return on investment compounded annually from the 91st day after receipt of the bill. Payments must be concluded within 3 years after the employer's receipt of the bill.

(h) This subsection (h) applies only to payments made or salary increases given on or after June 1, 2005 but before July 1, 2011. The changes made by Public Act 94-1057 shall not require the System to refund any payments received before July

31, 2006 (the effective date of Public Act 94-1057).

When assessing payment for any amount due under subsection (g), the System shall exclude earnings increases paid to participants under contracts or collective bargaining agreements entered into, amended, or renewed before June 1, 2005.

When assessing payment for any amount due under subsection (g), the System shall exclude earnings increases paid to a participant at a time when the participant is 10 or more years from retirement eligibility under Section 15-135.

When assessing payment for any amount due under subsection (g), the System shall exclude earnings increases resulting from overload work, including a contract for summer teaching, or overtime when the employer has certified to the System, and the System has approved the certification, that: (i) in the case of overloads (A) the overload work is for the sole purpose of academic instruction in excess of the standard number of instruction hours for a full-time employee occurring during the academic year that the overload is paid and (B) the earnings increases are equal to or less than the rate of pay for academic instruction computed using the participant's current salary rate and work schedule; and (ii) in the case of overtime, the overtime was necessary for the educational mission.

When assessing payment for any amount due under subsection (g), the System shall exclude any earnings increase resulting from (i) a promotion for which the employee moves from one classification to a higher classification under the State Universities Civil Service System, (ii) a promotion in academic rank for a tenured or tenure-track faculty position, or (iii) a promotion that the Illinois Community College Board has recommended in accordance with subsection (k) of this Section. These earnings increases shall be excluded only if the promotion is to a position that has existed and been filled by a member for no less than one complete academic year and the earnings increase as a result of the promotion is an increase that results in an amount no greater than the average salary paid for other similar positions.

(i) When assessing payment for any amount due under subsection (g), the System shall exclude any salary increase described in subsection (h) of this Section given on or after July 1, 2011 but before July 1, 2014 under a contract or collective bargaining agreement entered into, amended, or renewed on or after June 1, 2005 but before July 1, 2011. Notwithstanding any other provision of this Section, any payments made or salary increases given after June 30, 2014 shall be used in assessing payment for any amount due under subsection (g) of this Section.

(j) The System shall prepare a report and file copies of the report with the Governor and the General Assembly by January 1, 2007 that contains all of the following information:

(1) The number of recalculations required by the

changes made to this Section by Public Act 94-1057 for each employer.

(2) The dollar amount by which each employer's contribution to the System was changed due to recalculations required by Public Act 94-1057.

(3) The total amount the System received from each employer as a result of the changes made to this Section by Public Act 94-4.

(4) The increase in the required State contribution resulting from the changes made to this Section by Public Act 94-1057.

(k) The Illinois Community College Board shall adopt rules for recommending lists of promotional positions submitted to the Board by community colleges and for reviewing the promotional lists on an annual basis. When recommending promotional lists, the Board shall consider the similarity of the positions submitted to those positions recognized for State universities by the State Universities Civil Service System. The Illinois Community College Board shall file a copy of its findings with the System. The System shall consider the findings of the Illinois Community College Board when making determinations under this Section. The System shall not exclude any earnings increases resulting from a promotion when the promotion was not submitted by a community college. Nothing in this subsection (k) shall require any community college to submit any information to the Community College Board.

(l) For purposes of determining the required State contribution to the System, the value of the System's assets shall be equal to the actuarial value of the System's assets, which shall be calculated as follows:

As of June 30, 2008, the actuarial value of the System's assets shall be equal to the market value of the assets as of that date. In determining the actuarial value of the System's assets for fiscal years after June 30, 2008, any actuarial gains or losses from investment return incurred in a fiscal year shall be recognized in equal annual amounts over the 5-year period following that fiscal year.

(m) For purposes of determining the required State contribution to the system for a particular year, the actuarial value of assets shall be assumed to earn a rate of return equal to the system's actuarially assumed rate of return.

(Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08; 96-43, eff. 7-15-09.)

(40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

Sec. 15-157. Employee Contributions.

(a) Each participating employee shall make contributions towards the retirement benefits payable under the retirement program applicable to the employee from each payment of earnings applicable to employment under this system on and after the date of becoming a participant as follows: Prior to September 1, 1949, 3 1/2% of earnings; from September 1, 1949 to August 31, 1955, 5%; from September 1, 1955 to August 31, 1969, 6%; from September 1, 1969, 6 1/2%. These contributions are to be considered as normal contributions for purposes of this Article.

Each participant who is a police officer or firefighter shall make normal contributions of 8% of each payment of earnings applicable to employment as a police officer or firefighter under this system on or after September 1, 1981, unless he or she files with the board within 60 days after the effective date of this amendatory Act of 1991 or 60 days after the board receives notice that he or she is employed as a police officer or firefighter, whichever is later, a written notice waiving the retirement formula provided by Rule 4 of Section 15-136. This waiver shall be irrevocable. If a participant had met the conditions set forth in Section 15-132.1 prior to the effective date of this amendatory Act of 1991 but failed to make the additional normal contributions required by this paragraph, he or she may elect to pay the additional contributions plus compound interest at the effective rate. If such payment is received by the board, the service shall be considered as police officer service in calculating the retirement annuity under Rule 4 of Section 15-136. While performing service described in clause (i) or (ii) of Rule 4 of Section 15-136, a participating employee shall be deemed to be employed as a firefighter for the purpose of determining the rate of employee contributions under this

Section.

(b) Starting September 1, 1969, each participating employee shall make additional contributions of 1/2 of 1% of earnings to finance a portion of the cost of the annual increases in retirement annuity provided under Section 15-136, except that with respect to participants in the self-managed plan this additional contribution shall be used to finance the benefits obtained under that retirement program.

(c) In addition to the amounts described in subsections (a) and (b) of this Section, each participating employee shall make contributions of 1% of earnings applicable under this system on and after August 1, 1959. The contributions made under this subsection (c) shall be considered as survivor's insurance contributions for purposes of this Article if the employee is covered under the traditional benefit package, and such contributions shall be considered as additional contributions for purposes of this Article if the employee is participating in the self-managed plan or has elected to participate in the portable benefit package and has completed the applicable one-year waiting period. Contributions in excess of $80 during any fiscal year beginning before August 31, 1969 and in excess of $120 during any fiscal year thereafter until September 1, 1971 shall be considered as additional contributions for purposes of this Article.

(d) If the board by board rule so permits and subject to such conditions and limitations as may be specified in its rules, a participant may make other additional contributions of such percentage of earnings or amounts as the participant shall elect in a written notice thereof received by the board.

(e) That fraction of a participant's total accumulated normal contributions, the numerator of which is equal to the number of years of service in excess of that which is required to qualify for the maximum retirement annuity, and the denominator of which is equal to the total service of the participant, shall be considered as accumulated additional contributions. The determination of the applicable maximum annuity and the adjustment in contributions required by this provision shall be made as of the date of the participant's retirement.

(f) Notwithstanding the foregoing, a participating employee shall not be required to make contributions under this Section after the date upon which continuance of such contributions would otherwise cause his or her retirement annuity to exceed the maximum retirement annuity as specified in clause (1) of subsection (c) of Section 15-136.

(g) A participating employee may make contributions for the purchase of service credit under this Article.

<u>(h) Notwithstanding anything in this Section to the contrary, effective July 1, 2012, all participating employees shall be required to make the following contributions:</u>

<u>(1) Participants who elect the traditional benefit package provided under paragraph (1) of subsection (a) of</u>

Section 1-161 of this Code shall contribute a percentage of salary equal to the sum of the following:

(A) 6% of salary or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater;

(B) an additional percentage of salary that is actuarially determined to equal the difference between the normal cost of the traditional plan and the normal cost of the revised benefit package; and

(C) an additional percentage of salary that is actuarially determined as sufficient to amortize the portion of the System's unfunded liability at the end of fiscal year 2012 that is attributable to wage increases occurring after the effective date of this amendatory Act of the 97th General Assembly.

(2) Participating employees who elect the revised benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code shall contribute 6% of earnings or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater.

(3) Participating employees who elect the self-managed plan provided under paragraph (3) of subsection (a) of

Section 1-161 of this Code shall contribute 6% of earnings or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater.

No prior contribution increases or other additional contributions specified by this Section shall apply to any participating employee for service on or after July 1, 2012.

(Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448, eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98; 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

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

Sec. 16-152. Contributions by members.

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

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

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

(3) Effective July 24, 1959, contributions of 1% of salary towards the cost of survivor benefits. Such contributions shall not be credited to the individual account of the member and shall not be subject to refund

except as provided under Section 16-143.2.

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

(5) Notwithstanding anything in this Section to the contrary, effective July 1, 2012, all members shall be required to make the following contributions:

(A) Participants who elect the traditional benefit package provided under paragraph (1) of subsection (a) of Section 1-161 of this Code shall contribute a percentage of salary equal to the sum of the following:

(1) 6% of salary or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater;

(2) an additional percentage of salary that is actuarially determined to equal the difference between the normal cost of the traditional plan and the normal cost of the revised benefit package; and

(3) an additional percentage of salary that is actuarially determined as sufficient to amortize the portion of the System's unfunded liability at

the end of fiscal year 2012 that is attributable to wage increases occurring after the effective date of this amendatory Act of the 97th General Assembly.

(B) Members who elect the revised benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code shall contribute 6% of salary or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater.

(C) Members who elect the self-managed plan provided under paragraph (3) of subsection (a) of Section 1-161 of this Code shall contribute 6% of salary or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater.

No prior contribution increases or other additional contributions specified by this Section shall apply to any member for service on or after July 1, 2012.

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

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

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

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

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

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

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

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

(Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

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

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

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

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

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

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

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

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

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

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

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

(b-3) <u>For purposes of this Article:</u>

<u>(1) Notwithstanding any other provision of this Section, the minimum required State contribution with respect to benefit accruals occurring in years after fiscal year 2012 shall be 6% of the applicable employee payroll or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph</u>

(2) of subsection (a) of Section 1-161 of this Code, whichever is greater. This contribution amount shall apply with respect to each participant in the System, regardless of whether the participant has elected the traditional benefit package provided under paragraph (1) of subsection (a) of Section 1-161 of this Code, the revised benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, or the self-managed plan provided under paragraph (3) of subsection (a) of Section 1-161 of this Code.

(2) In addition to the amounts contributed under paragraph (1), for State fiscal years 2013 through 2045, the State shall make an additional contribution to the System of an amount that is actuarially determined to be sufficient to fund, by the end of State fiscal year 2045, the System's unfunded liability attributable to service completed by the end of fiscal year 2012, calculated using fiscal year 2012 wage levels. In calculating the contributions under this paragraph (2), the required State contribution shall be calculated each year as a level dollar amount over the years remaining to and including fiscal year 2045.

(3) Subject to the provisions of paragraphs (1) and (2) of this subsection (b-3):

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

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

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

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

For each of State fiscal years 2008 through 2009, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments from the required State contribution for State fiscal year 2007, so that by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2010 is $2,089,268,000 and shall be made from the proceeds of bonds sold in fiscal year 2010 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the Common School Fund in fiscal year 2010, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

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

Amounts received by the System pursuant to Section 25 of the Budget Stabilization Act or Section 8.12 of the State Finance Act in any fiscal year do not reduce and do not constitute payment of any portion of the minimum State contribution required under this Article in that fiscal year. Such amounts shall not reduce, and shall not be included in the calculation of, the required State contributions under this Article in any future year until the System has reached a funding ratio of at least 90%. A reference in this Article to the "required State contribution" or any substantially similar term does not include or apply to any amounts payable to the System under Section 25 of the Budget Stabilization Act.

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under subsection (a-1), shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the

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

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

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

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

However, with respect to benefits granted under Section 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8) of Section 16-106, the employer's contribution shall be 12% (rather than 20%) of the member's highest annual salary rate for each year of creditable service granted, and the employer shall also pay the required employee contribution on behalf of the teacher. For the purposes of Sections 16-133.4 and 16-133.5, a teacher as defined in paragraph (8) of Section 16-106 who is serving in that capacity while on leave of absence from another employer under this Article shall not be considered an employee of the employer from which the teacher is on leave.

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

(1) Beginning July 1, 1998 through June 30, 1999, the employer contribution shall be equal to 0.3% of each

teacher's salary.

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

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

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

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

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

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

(f) If the amount of a teacher's salary for any school year used to determine final average salary exceeds the member's annual full-time salary rate with the same employer for the previous school year by more than 6%, the teacher's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, the present value of the increase in benefits resulting from the portion of the increase in salary that is in excess of 6%. This present value shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. If a teacher's salary for the 2005-2006 school year is used to determine final average salary under this subsection (f), then the changes made to this subsection (f) by Public Act 94-1057 shall apply in calculating whether the increase in his or her salary is in excess of 6%. For the purposes of this Section, change in employment under Section 10-21.12 of the School Code on or after June 1, 2005 shall constitute a change in employer. The System may require the employer to provide any pertinent information or documentation. The changes made to this subsection (f) by this amendatory Act of the 94th General Assembly apply without regard to whether the teacher was in service on or after its effective date.

Whenever it determines that a payment is or may be required under this subsection, the System shall calculate the amount of the payment and bill the employer for that amount. The bill shall specify the calculations used to determine the amount due. If the employer disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to the System in writing for a recalculation. The application must specify in detail the grounds of the dispute and, if the employer asserts that the calculation is subject to subsection (g) or (h) of this Section, must include an affidavit setting forth and attesting to all facts within the employer's knowledge that are pertinent to the applicability of that subsection. Upon receiving a timely application for recalculation, the System shall review the application and, if appropriate, recalculate the amount due.

The employer contributions required under this subsection (f) may be paid in the form of a lump sum within 90 days after receipt of the bill. If the employer contributions are not paid within 90 days after receipt of the bill, then interest will be charged at a rate equal to the System's annual actuarially assumed rate of return on investment compounded annually from the 91st day after receipt of the bill. Payments must be concluded within 3 years after the employer's receipt of the bill.

(g) This subsection (g) applies only to payments made or salary increases given on or after June 1, 2005 but before July 1, 2011. The changes made by Public Act 94-1057 shall not require the System to refund any payments received before July 31, 2006 (the effective date of Public Act 94-1057).

When assessing payment for any amount due under subsection (f), the System shall exclude salary increases paid to teachers under contracts or collective bargaining agreements entered into, amended, or renewed before June 1, 2005.

When assessing payment for any amount due under subsection (f), the System shall exclude salary increases paid to a teacher at a time when the teacher is 10 or more years from retirement eligibility under Section 16-132 or 16-133.2.

When assessing payment for any amount due under subsection (f), the System shall exclude salary increases resulting from overload work, including summer school, when the school district has certified to the System, and the System has approved the certification, that (i) the overload work is for the sole purpose of classroom instruction in excess of the standard number of classes for a full-time teacher in a school district during a school year and (ii) the salary increases are equal to or less than the rate of pay for classroom instruction computed on the teacher's current salary and work schedule.

When assessing payment for any amount due under subsection (f), the System shall exclude a salary increase resulting from a promotion (i) for which the employee is required to hold a certificate or supervisory endorsement issued by the State Teacher Certification Board that is a different certification or supervisory endorsement than is required for the teacher's previous position and (ii) to a position that has existed and been filled by a member for no less than one complete academic year and the salary increase from the promotion is an increase that results in an amount no greater than the lesser of the average salary paid for other similar positions in the district requiring the same certification or the amount stipulated in the collective bargaining agreement for a similar position requiring the same certification.

When assessing payment for any amount due under subsection (f), the System shall exclude any payment to the teacher from the State of Illinois or the State Board of Education over which the employer does not have discretion, notwithstanding that the payment is included in the computation of final average salary.

(h) When assessing payment for any amount due under subsection (f), the System shall exclude any salary increase described in subsection (g) of this Section given on or after

July 1, 2011 but before July 1, 2014 under a contract or collective bargaining agreement entered into, amended, or renewed on or after June 1, 2005 but before July 1, 2011. Notwithstanding any other provision of this Section, any payments made or salary increases given after June 30, 2014 shall be used in assessing payment for any amount due under subsection (f) of this Section.

(i) The System shall prepare a report and file copies of the report with the Governor and the General Assembly by January 1, 2007 that contains all of the following information:

(1) The number of recalculations required by the changes made to this Section by Public Act 94-1057 for each employer.

(2) The dollar amount by which each employer's contribution to the System was changed due to recalculations required by Public Act 94-1057.

(3) The total amount the System received from each employer as a result of the changes made to this Section by Public Act 94-4.

(4) The increase in the required State contribution resulting from the changes made to this Section by Public Act 94-1057.

(j) For purposes of determining the required State contribution to the System, the value of the System's assets shall be equal to the actuarial value of the System's assets, which shall be calculated as follows:

As of June 30, 2008, the actuarial value of the System's assets shall be equal to the market value of the assets as of that date. In determining the actuarial value of the System's assets for fiscal years after June 30, 2008, any actuarial gains or losses from investment return incurred in a fiscal year shall be recognized in equal annual amounts over the 5-year period following that fiscal year.

(k) For purposes of determining the required State contribution to the system for a particular year, the actuarial value of assets shall be assumed to earn a rate of return equal to the system's actuarially assumed rate of return.

(Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08; 96-43, eff. 7-15-09.)

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

Sec. 18-131. Financing; employer contributions.

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

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

(c) For purposes of this Article:

(1) Notwithstanding any other provision of this Section, the minimum required State contribution with respect to benefit accruals occurring in years after fiscal year 2012 shall be 6% of the applicable employee payroll or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater. This contribution amount shall apply with respect to each participant in the system, regardless of whether the participant has elected the traditional benefit package provided under paragraph (1) of subsection (a) of Section 1-161 of this Code, the revised benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, or the self-managed plan provided under paragraph (3) of subsection (a) of Section 1-161 of this Code.

(2) In addition to the amounts contributed under paragraph (1), for State fiscal years 2013 through 2045, the State shall make an additional contribution to the System of an amount that is actuarially determined to be sufficient to fund, by the end of State fiscal year 2045, the System's unfunded liability attributable to service completed by the end of fiscal year 2012, calculated using fiscal year 2012 wage levels. In calculating the

contributions under this paragraph (2), the required State contribution shall be calculated each year as a level dollar amount over the years remaining to and including fiscal year 2045.

(3) Subject to the provisions of paragraphs (1) and (2) of this subsection (c):

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

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

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

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

For each of State fiscal years 2008 through 2009, the State contribution to the System, as a percentage of the applicable employee payroll, shall be increased in equal annual increments from the required State contribution for State fiscal year 2007, so that by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2010 is $78,832,000 and shall be made from the proceeds of bonds sold in fiscal year 2010 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the General Revenue Fund in fiscal year 2010, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

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

Amounts received by the System pursuant to Section 25 of the Budget Stabilization Act or Section 8.12 of the

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

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

(d) For purposes of determining the required State contribution to the System, the value of the System's assets shall be equal to the actuarial value of the System's assets, which shall be calculated as follows:

As of June 30, 2008, the actuarial value of the System's assets shall be equal to the market value of the assets as of that date. In determining the actuarial value of the System's assets for fiscal years after June 30, 2008, any actuarial gains or losses from investment return incurred in a fiscal year shall be recognized in equal annual amounts over the 5-year period following that fiscal year.

(e) For purposes of determining the required State contribution to the system for a particular year, the actuarial value of assets shall be assumed to earn a rate of return equal to the system's actuarially assumed rate of return.

(Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09.)

(40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

Sec. 18-133. Financing; employee contributions.

(a) Effective July 1, 1967, each participant is required to contribute 7 1/2% of each payment of salary toward the retirement annuity. Such contributions shall continue during the entire time the participant is in service, with the following exceptions:

(1) Contributions for the retirement annuity are not required on salary received after 18 years of service by persons who were participants before January 2, 1954.

(2) A participant who continues to serve as a judge after becoming eligible to receive the maximum rate of annuity may elect, through a written direction filed with the Board, to discontinue contributing to the System. Any such option elected by a judge shall be irrevocable unless prior to January 1, 2000, and while continuing to serve as judge, the judge (A) files with the Board a letter cancelling the direction to discontinue contributing to the System and requesting that such contributing resume, and (B) pays into the System an amount equal to the total of the discontinued contributions plus interest thereon at 5% per annum. Service credits earned in any other "participating system" as defined in Article 20 of this Code shall be considered for purposes of determining a

judge's eligibility to discontinue contributions under this subdivision (a)(2).

(3) A participant who (i) has attained age 60, (ii) continues to serve as a judge after becoming eligible to receive the maximum rate of annuity, and (iii) has not elected to discontinue contributing to the System under subdivision (a)(2) of this Section (or has revoked any such election) may elect, through a written direction filed with the Board, to make contributions to the System based only on the amount of the increases in salary received by the judge on or after the date of the election, rather than the total salary received. If a judge who is making contributions to the System on the effective date of this amendatory Act of the 91st General Assembly makes an election to limit contributions under this subdivision (a)(3) within 90 days after that effective date, the election shall be deemed to become effective on that effective date and the judge shall be entitled to receive a refund of any excess contributions paid to the System during that 90-day period; any other election under this subdivision (a)(3) becomes effective on the first of the month following the date of the election. An election to limit contributions under this subdivision (a)(3) is irrevocable. Service credits earned in any other participating system as defined in Article 20 of this Code shall be considered for purposes of determining a judge's

eligibility to make an election under this subdivision (a)(3).

(b) Beginning July 1, 1969, each participant is required to contribute 1% of each payment of salary towards the automatic increase in annuity provided in Section 18-125.1. However, such contributions need not be made by any participant who has elected prior to September 15, 1969, not to be subject to the automatic increase in annuity provisions.

(c) Effective July 13, 1953, each married participant subject to the survivor's annuity provisions is required to contribute 2 1/2% of each payment of salary, whether or not he or she is required to make any other contributions under this Section. Such contributions shall be made concurrently with the contributions made for annuity purposes.

(d) Notwithstanding any other provision of this Article, the required contributions for a participant who first becomes a participant on or after January 1, 2011 shall not exceed the contributions that would be due under this Article if that participant's highest salary for annuity purposes were $106,800, plus any increase in that amount under Section 18-125.

(e) Notwithstanding anything in this Section to the contrary, effective July 1, 2012, all participants shall be required to make the following contributions:

(1) Participants who elect the traditional benefit package provided under paragraph (1) of subsection (a) of

Section 1-161 of this Code shall contribute a percentage of salary equal to the sum of the following:

(A) 6% of salary or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater;

(B) an additional percentage of salary that is actuarially determined to equal the difference between the normal cost of the traditional plan and the normal cost of the revised benefit package; and

(C) an additional percent of salary that is actuarially determined as sufficient to amortize the portion of the System's unfunded liability at the end of fiscal year 2012 that is attributable to wage increases occurring after the effective date of this amendatory Act of the 97th General Assembly.

(2) Participants who elect the revised benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code shall contribute 6% of salary or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater.

(3) Participants who elect the self-managed plan provided under paragraph (3) of subsection (a) of Section

1-161 of this Code shall contribute 6% of salary or one-half of the actuarially-determined normal cost of the revised defined benefit package provided under paragraph (2) of subsection (a) of Section 1-161 of this Code, whichever is greater.

No prior contribution increases or other additional contributions specified by this Section shall apply to any participant for service on or after July 1, 2012.

(Source: P.A. 96-1490, eff. 1-1-11.)

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