



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB6252

by Rep. André M. Thapedi

SYNOPSIS AS INTRODUCED:

See Index

Amends the State Employees Group Insurance Act of 1971. Shifts the costs of health insurance coverage for future employees of certain higher education institutions from the State to those higher education institutions. Creates a new health benefit program for those employees, once they become annuitants, and for their dependent beneficiaries. Terminates provisions providing for the ongoing transfer of funds from the General Revenue Fund to the Teacher Health Insurance Security Fund and the Community College Health Insurance Security Fund. Amends the Illinois Pension Code. Requires certain employers to provide a tax-sheltered annuity retirement plan to eligible employees. Requires current members and participants to elect whether to maintain their current benefits in the State-funded retirement systems. Prohibits the State-funded retirement systems from accepting new members or participants. Changes the amount of the required State contributions to the State-funded retirement systems and, in the State Universities and Downstate Teacher Articles, shifts the liability for making those contributions to employers. Amends the State Pension Funds Continuing Appropriation Act. Terminates continuing appropriations from the General Revenue Fund to the Teacher Health Insurance Security Fund and the Community College Health Insurance Security Fund. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB097 23389 JDS 72257 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 1. Legislative findings. The General Assembly
5 hereby finds that:

6 (1) the last two decades of the Twentieth Century saw
7 simultaneously robust growth in bond and stock markets,
8 which boosted funding for promised benefits;

9 (2) there was a tendency, as a result, to spend that
10 newfound wealth by granting higher benefits or by providing
11 employers substantial contribution reductions;

12 (3) benefit levels were raised to what now appear to be
13 unsustainable levels, given prevailing financial
14 constraints;

15 (4) applying reductions only to new hires does not
16 produce meaningful savings for many years and creates stark
17 intergenerational disparity;

18 (5) current required contributions are higher than the
19 State budget can tolerate during current severe economic
20 distress, and near-term reductions will not reduce
21 ultimate costs, but distribute them differently, creating
22 an intergenerational debt transfer;

23 (6) financial markets will offer fewer and
24 lower-returning investment opportunities; and

1 (7) many funds and plan sponsors are interested in less
2 volatility after the experiences of the past decade.

3 Section 5. The State Employees Group Insurance Act of 1971
4 is amended by changing Sections 3, 6.6, and 6.10 and by adding
5 Sections 6.10A and 6.10B as follows:

6 (5 ILCS 375/3) (from Ch. 127, par. 523)

7 Sec. 3. Definitions. Unless the context otherwise
8 requires, the following words and phrases as used in this Act
9 shall have the following meanings. The Department may define
10 these and other words and phrases separately for the purpose of
11 implementing specific programs providing benefits under this
12 Act.

13 (a) "Administrative service organization" means any
14 person, firm or corporation experienced in the handling of
15 claims which is fully qualified, financially sound and capable
16 of meeting the service requirements of a contract of
17 administration executed with the Department.

18 (b) "Annuitant" means (1) an employee who retires, or has
19 retired, on or after January 1, 1966 on an immediate annuity
20 under the provisions of Articles 2, 14 (including an employee
21 who has elected to receive an alternative retirement
22 cancellation payment under Section 14-108.5 of the Illinois
23 Pension Code in lieu of an annuity), 15 (including an employee
24 who has retired under the optional retirement program

1 established under Section 15-158.2), paragraphs (2), (3), or
2 (5) of Section 16-106, or Article 18 of the Illinois Pension
3 Code; (2) any person who was receiving group insurance coverage
4 under this Act as of March 31, 1978 by reason of his status as
5 an annuitant, even though the annuity in relation to which such
6 coverage was provided is a proportional annuity based on less
7 than the minimum period of service required for a retirement
8 annuity in the system involved; (3) any person not otherwise
9 covered by this Act who has retired as a participating member
10 under Article 2 of the Illinois Pension Code but is ineligible
11 for the retirement annuity under Section 2-119 of the Illinois
12 Pension Code; (4) the spouse of any person who is receiving a
13 retirement annuity under Article 18 of the Illinois Pension
14 Code and who is covered under a group health insurance program
15 sponsored by a governmental employer other than the State of
16 Illinois and who has irrevocably elected to waive his or her
17 coverage under this Act and to have his or her spouse
18 considered as the "annuitant" under this Act and not as a
19 "dependent"; or (5) an employee who retires, or has retired,
20 from a qualified position, as determined according to rules
21 promulgated by the Director, under a qualified local
22 government, a qualified rehabilitation facility, a qualified
23 domestic violence shelter or service, or a qualified child
24 advocacy center. (For definition of "retired employee", see (p)
25 post).

26 (b-5) (Blank).

1 (b-6) (Blank).

2 (b-7) (Blank).

3 (c) "Carrier" means (1) an insurance company, a corporation
4 organized under the Limited Health Service Organization Act or
5 the Voluntary Health Services Plan Act, a partnership, or other
6 nongovernmental organization, which is authorized to do group
7 life or group health insurance business in Illinois, or (2) the
8 State of Illinois as a self-insurer.

9 (d) "Compensation" means salary or wages payable on a
10 regular payroll by the State Treasurer on a warrant of the
11 State Comptroller out of any State, trust or federal fund, or
12 by the Governor of the State through a disbursing officer of
13 the State out of a trust or out of federal funds, or by any
14 Department out of State, trust, federal or other funds held by
15 the State Treasurer or the Department, to any person for
16 personal services currently performed, and ordinary or
17 accidental disability benefits under Articles 2, 14, 15
18 (including ordinary or accidental disability benefits under
19 the optional retirement program established under Section
20 15-158.2), paragraphs (2), (3), or (5) of Section 16-106, or
21 Article 18 of the Illinois Pension Code, for disability
22 incurred after January 1, 1966, or benefits payable under the
23 Workers' Compensation or Occupational Diseases Act or benefits
24 payable under a sick pay plan established in accordance with
25 Section 36 of the State Finance Act. "Compensation" also means
26 salary or wages paid to an employee of any qualified local

1 government, qualified rehabilitation facility, qualified
2 domestic violence shelter or service, or qualified child
3 advocacy center.

4 (e) "Commission" means the State Employees Group Insurance
5 Advisory Commission authorized by this Act. Commencing July 1,
6 1984, "Commission" as used in this Act means the Commission on
7 Government Forecasting and Accountability as established by
8 the Legislative Commission Reorganization Act of 1984.

9 (f) "Contributory", when referred to as contributory
10 coverage, shall mean optional coverages or benefits elected by
11 the member toward the cost of which such member makes
12 contribution, or which are funded in whole or in part through
13 the acceptance of a reduction in earnings or the foregoing of
14 an increase in earnings by an employee, as distinguished from
15 noncontributory coverage or benefits which are paid entirely by
16 the State of Illinois without reduction of the member's salary.

17 (g) "Department" means any department, institution, board,
18 commission, officer, court or any agency of the State
19 government receiving appropriations and having power to
20 certify payrolls to the Comptroller authorizing payments of
21 salary and wages against such appropriations as are made by the
22 General Assembly from any State fund, or against trust funds
23 held by the State Treasurer and includes boards of trustees of
24 the retirement systems created by Articles 2, 14, 15, 16 and 18
25 of the Illinois Pension Code. "Department" also includes the
26 Illinois Comprehensive Health Insurance Board, the Board of

1 Examiners established under the Illinois Public Accounting
2 Act, and the Illinois Finance Authority.

3 (h) "Dependent", when the term is used in the context of
4 the health and life plan, means a member's spouse and any child
5 (1) from birth to age 26 including an adopted child, a child
6 who lives with the member from the time of the filing of a
7 petition for adoption until entry of an order of adoption, a
8 stepchild or adjudicated child, or a child who lives with the
9 member if such member is a court appointed guardian of the
10 child or (2) age 19 or over who is mentally or physically
11 disabled from a cause originating prior to the age of 19 (age
12 26 if enrolled as an adult child dependent). For the health
13 plan only, the term "dependent" also includes (1) any person
14 enrolled prior to the effective date of this Section who is
15 dependent upon the member to the extent that the member may
16 claim such person as a dependent for income tax deduction
17 purposes and (2) any person who has received after June 30,
18 2000 an organ transplant and who is financially dependent upon
19 the member and eligible to be claimed as a dependent for income
20 tax purposes. A member requesting to cover any dependent must
21 provide documentation as requested by the Department of Central
22 Management Services and file with the Department any and all
23 forms required by the Department.

24 (i) "Director" means the Director of the Illinois
25 Department of Central Management Services or of any successor
26 agency designated to administer this Act.

1 (j) "Eligibility period" means the period of time a member
2 has to elect enrollment in programs or to select benefits
3 without regard to age, sex or health.

4 (k) "Employee" means and includes each officer or employee
5 in the service of a department who (1) receives his
6 compensation for service rendered to the department on a
7 warrant issued pursuant to a payroll certified by a department
8 or on a warrant or check issued and drawn by a department upon
9 a trust, federal or other fund or on a warrant issued pursuant
10 to a payroll certified by an elected or duly appointed officer
11 of the State or who receives payment of the performance of
12 personal services on a warrant issued pursuant to a payroll
13 certified by a Department and drawn by the Comptroller upon the
14 State Treasurer against appropriations made by the General
15 Assembly from any fund or against trust funds held by the State
16 Treasurer, and (2) is employed full-time or part-time in a
17 position normally requiring actual performance of duty during
18 not less than 1/2 of a normal work period, as established by
19 the Director in cooperation with each department, except that
20 persons elected by popular vote will be considered employees
21 during the entire term for which they are elected regardless of
22 hours devoted to the service of the State, and (3) except that
23 "employee" does not include any person who is not eligible by
24 reason of such person's employment to participate in one of the
25 State retirement systems under Articles 2, 14, 15 (either the
26 regular Article 15 system or the optional retirement program

1 established under Section 15-158.2) or 18, or under paragraph
2 (2), (3), or (5) of Section 16-106, of the Illinois Pension
3 Code, but such term does include persons who are employed
4 during the 6 month qualifying period under Article 14 of the
5 Illinois Pension Code. Such term also includes any person who
6 (1) after January 1, 1966, is receiving ordinary or accidental
7 disability benefits under Articles 2, 14, 15 (including
8 ordinary or accidental disability benefits under the optional
9 retirement program established under Section 15-158.2),
10 paragraphs (2), (3), or (5) of Section 16-106, or Article 18 of
11 the Illinois Pension Code, for disability incurred after
12 January 1, 1966, (2) receives total permanent or total
13 temporary disability under the Workers' Compensation Act or
14 Occupational Disease Act as a result of injuries sustained or
15 illness contracted in the course of employment with the State
16 of Illinois, or (3) is not otherwise covered under this Act and
17 has retired as a participating member under Article 2 of the
18 Illinois Pension Code but is ineligible for the retirement
19 annuity under Section 2-119 of the Illinois Pension Code.
20 However, a person who satisfies the criteria of the foregoing
21 definition of "employee" except that such person is made
22 ineligible to participate in the State Universities Retirement
23 System by clause (4) of subsection (a) of Section 15-107 of the
24 Illinois Pension Code is also an "employee" for the purposes of
25 this Act. "Employee" also includes any person receiving or
26 eligible for benefits under a sick pay plan established in

1 accordance with Section 36 of the State Finance Act. "Employee"
2 also includes (i) each officer or employee in the service of a
3 qualified local government, including persons appointed as
4 trustees of sanitary districts regardless of hours devoted to
5 the service of the sanitary district, (ii) each employee in the
6 service of a qualified rehabilitation facility, (iii) each
7 full-time employee in the service of a qualified domestic
8 violence shelter or service, and (iv) each full-time employee
9 in the service of a qualified child advocacy center, as
10 determined according to rules promulgated by the Director.
11 Notwithstanding any other provision of this subsection (k),
12 "employee" does not include a person first employed on or after
13 the effective date of this amendatory Act of the 97th General
14 Assembly by an employer listed under Section 15-106 of the
15 Illinois Pension Code.

16 (1) "Member" means an employee, annuitant, retired
17 employee or survivor. In the case of an annuitant or retired
18 employee who first becomes an annuitant or retired employee on
19 or after the effective date of this amendatory Act of the 97th
20 General Assembly, the individual must meet the minimum vesting
21 requirements of the applicable retirement system in order to be
22 eligible for group insurance benefits under that system. In the
23 case of a survivor who first becomes a survivor on or after the
24 effective date of this amendatory Act of the 97th General
25 Assembly, the deceased employee, annuitant, or retired
26 employee upon whom the annuity is based must have been eligible

1 to participate in the group insurance system under the
2 applicable retirement system in order for the survivor to be
3 eligible for group insurance benefits under that system.

4 (m) "Optional coverages or benefits" means those coverages
5 or benefits available to the member on his or her voluntary
6 election, and at his or her own expense.

7 (n) "Program" means the group life insurance, health
8 benefits and other employee benefits designed and contracted
9 for by the Director under this Act.

10 (o) "Health plan" means a health benefits program offered
11 by the State of Illinois for persons eligible for the plan.

12 (p) "Retired employee" means any person who would be an
13 annuitant as that term is defined herein but for the fact that
14 such person retired prior to January 1, 1966. Such term also
15 includes any person formerly employed by the University of
16 Illinois in the Cooperative Extension Service who would be an
17 annuitant but for the fact that such person was made ineligible
18 to participate in the State Universities Retirement System by
19 clause (4) of subsection (a) of Section 15-107 of the Illinois
20 Pension Code.

21 (q) "Survivor" means a person receiving an annuity as a
22 survivor of an employee or of an annuitant. "Survivor" also
23 includes: (1) the surviving dependent of a person who satisfies
24 the definition of "employee" except that such person is made
25 ineligible to participate in the State Universities Retirement
26 System by clause (4) of subsection (a) of Section 15-107 of the

1 Illinois Pension Code; (2) the surviving dependent of any
2 person formerly employed by the University of Illinois in the
3 Cooperative Extension Service who would be an annuitant except
4 for the fact that such person was made ineligible to
5 participate in the State Universities Retirement System by
6 clause (4) of subsection (a) of Section 15-107 of the Illinois
7 Pension Code; and (3) the surviving dependent of a person who
8 was an annuitant under this Act by virtue of receiving an
9 alternative retirement cancellation payment under Section
10 14-108.5 of the Illinois Pension Code. Notwithstanding any
11 other provision of this subsection (q), "survivor" does not
12 include a person receiving an annuity as a survivor of a person
13 first employed on or after the effective date of this
14 amendatory Act of the 97th General Assembly by an employer
15 listed under Section 15-106 of the Illinois Pension Code.

16 (q-2) "SERS" means the State Employees' Retirement System
17 of Illinois, created under Article 14 of the Illinois Pension
18 Code.

19 (q-3) "SURS" means the State Universities Retirement
20 System, created under Article 15 of the Illinois Pension Code.

21 (q-4) "TRS" means the Teachers' Retirement System of the
22 State of Illinois, created under Article 16 of the Illinois
23 Pension Code.

24 (q-5) (Blank).

25 (q-6) (Blank).

26 (q-7) (Blank).

1 (r) "Medical services" means the services provided within
2 the scope of their licenses by practitioners in all categories
3 licensed under the Medical Practice Act of 1987.

4 (s) "Unit of local government" means any county,
5 municipality, township, school district (including a
6 combination of school districts under the Intergovernmental
7 Cooperation Act), special district or other unit, designated as
8 a unit of local government by law, which exercises limited
9 governmental powers or powers in respect to limited
10 governmental subjects, any not-for-profit association with a
11 membership that primarily includes townships and township
12 officials, that has duties that include provision of research
13 service, dissemination of information, and other acts for the
14 purpose of improving township government, and that is funded
15 wholly or partly in accordance with Section 85-15 of the
16 Township Code; any not-for-profit corporation or association,
17 with a membership consisting primarily of municipalities, that
18 operates its own utility system, and provides research,
19 training, dissemination of information, or other acts to
20 promote cooperation between and among municipalities that
21 provide utility services and for the advancement of the goals
22 and purposes of its membership; the Southern Illinois
23 Collegiate Common Market, which is a consortium of higher
24 education institutions in Southern Illinois; the Illinois
25 Association of Park Districts; and any hospital provider that
26 is owned by a county that has 100 or fewer hospital beds and

1 has not already joined the program. "Qualified local
2 government" means a unit of local government approved by the
3 Director and participating in a program created under
4 subsection (i) of Section 10 of this Act.

5 (t) "Qualified rehabilitation facility" means any
6 not-for-profit organization that is accredited by the
7 Commission on Accreditation of Rehabilitation Facilities or
8 certified by the Department of Human Services (as successor to
9 the Department of Mental Health and Developmental
10 Disabilities) to provide services to persons with disabilities
11 and which receives funds from the State of Illinois for
12 providing those services, approved by the Director and
13 participating in a program created under subsection (j) of
14 Section 10 of this Act.

15 (u) "Qualified domestic violence shelter or service" means
16 any Illinois domestic violence shelter or service and its
17 administrative offices funded by the Department of Human
18 Services (as successor to the Illinois Department of Public
19 Aid), approved by the Director and participating in a program
20 created under subsection (k) of Section 10.

21 (v) "TRS benefit recipient" means a person who:

22 (1) is not a "member" as defined in this Section; and

23 (2) is receiving a monthly benefit or retirement
24 annuity under Article 16 of the Illinois Pension Code; and

25 (3) either (i) has at least 8 years of creditable
26 service under Article 16 of the Illinois Pension Code, or

1 (ii) was enrolled in the health insurance program offered
2 under that Article on January 1, 1996, or (iii) is the
3 survivor of a benefit recipient who had at least 8 years of
4 creditable service under Article 16 of the Illinois Pension
5 Code or was enrolled in the health insurance program
6 offered under that Article on the effective date of this
7 amendatory Act of 1995, or (iv) is a recipient or survivor
8 of a recipient of a disability benefit under Article 16 of
9 the Illinois Pension Code.

10 (w) "TRS dependent beneficiary" means a person who:

11 (1) is not a "member" or "dependent" as defined in this
12 Section; and

13 (2) is a TRS benefit recipient's: (A) spouse, (B)
14 dependent parent who is receiving at least half of his or
15 her support from the TRS benefit recipient, or (C) natural,
16 step, adjudicated, or adopted child who is (i) under age
17 26, (ii) was, on January 1, 1996, participating as a
18 dependent beneficiary in the health insurance program
19 offered under Article 16 of the Illinois Pension Code, or
20 (iii) age 19 or over who is mentally or physically disabled
21 from a cause originating prior to the age of 19 (age 26 if
22 enrolled as an adult child).

23 "TRS dependent beneficiary" does not include, as indicated
24 under paragraph (2) of this subsection (w), a dependent of the
25 survivor of a TRS benefit recipient who first becomes a
26 dependent of a survivor of a TRS benefit recipient on or after

1 the effective date of this amendatory Act of the 97th General
2 Assembly unless that dependent would have been eligible for
3 coverage as a dependent of the deceased TRS benefit recipient
4 upon whom the survivor benefit is based.

5 (x) "Military leave" refers to individuals in basic
6 training for reserves, special/advanced training, annual
7 training, emergency call up, activation by the President of the
8 United States, or any other training or duty in service to the
9 United States Armed Forces.

10 (y) (Blank).

11 (z) "Community college benefit recipient" means a person
12 who:

13 (1) is not a "member" as defined in this Section; and

14 (2) is receiving a monthly survivor's annuity or
15 retirement annuity under Article 15 of the Illinois Pension
16 Code; and

17 (3) either (i) was a full-time employee of a community
18 college district or an association of community college
19 boards created under the Public Community College Act
20 (other than an employee whose last employer under Article
21 15 of the Illinois Pension Code was a community college
22 district subject to Article VII of the Public Community
23 College Act) and was eligible to participate in a group
24 health benefit plan as an employee during the time of
25 employment with a community college district (other than a
26 community college district subject to Article VII of the

1 Public Community College Act) or an association of
2 community college boards, or (ii) is the survivor of a
3 person described in item (i).

4 (aa) "Community college dependent beneficiary" means a
5 person who:

6 (1) is not a "member" or "dependent" as defined in this
7 Section; and

8 (2) is a community college benefit recipient's: (A)
9 spouse, (B) dependent parent who is receiving at least half
10 of his or her support from the community college benefit
11 recipient, or (C) natural, step, adjudicated, or adopted
12 child who is (i) under age 26, or (ii) age 19 or over and
13 mentally or physically disabled from a cause originating
14 prior to the age of 19 (age 26 if enrolled as an adult
15 child).

16 "Community college dependent beneficiary" does not
17 include, as indicated under paragraph (2) of this subsection
18 (aa), a dependent of the survivor of a community college
19 benefit recipient who first becomes a dependent of a survivor
20 of a community college benefit recipient on or after the
21 effective date of this amendatory Act of the 97th General
22 Assembly unless that dependent would have been eligible for
23 coverage as a dependent of the deceased community college
24 benefit recipient upon whom the survivor annuity is based.

25 (bb) "Qualified child advocacy center" means any Illinois
26 child advocacy center and its administrative offices funded by

1 the Department of Children and Family Services, as defined by
2 the Children's Advocacy Center Act (55 ILCS 80/), approved by
3 the Director and participating in a program created under
4 subsection (n) of Section 10.

5 (cc) "New university benefit recipient" means a person who:

6 (1) is not a "member" as defined in this Section;

7 (2) is not a "community college benefit recipient" as
8 defined in this Section;

9 (3) is receiving a monthly survivor's annuity or
10 retirement annuity under Article 15 of the Illinois Pension
11 Code; and

12 (4) was a full-time employee of an employer listed
13 under Section 15-106 of the Illinois Pension Code.

14 (dd) "New university dependent beneficiary" means a person
15 who:

16 (1) is not a "member" or "dependent" as defined in this
17 Section;

18 (2) is not a "community college dependent beneficiary"
19 as defined in this Section; and

20 (3) is a new university benefit recipient's: (A)
21 spouse, (B) dependent parent who is receiving at least half
22 of his or her support from the new university benefit
23 recipient, or (C) natural, step, adjudicated, or adopted
24 child who is (i) under age 26, or (ii) age 19 or over and
25 mentally or physically disabled from a cause originating
26 prior to the age of 19 (age 26 if enrolled as an adult

1 child).

2 (Source: P.A. 96-756, eff. 1-1-10; 96-1519, eff. 2-4-11;
3 97-668, eff. 1-13-12; 97-695, eff. 7-1-12.)

4 (5 ILCS 375/6.6)

5 Sec. 6.6. Contributions to the Teacher Health Insurance
6 Security Fund.

7 (a) Beginning July 1, 1995, all active contributors of the
8 Teachers' Retirement System (established under Article 16 of
9 the Illinois Pension Code) who are not employees of a
10 department as defined in Section 3 of this Act shall make
11 contributions toward the cost of annuitant and survivor health
12 benefits. These contributions shall be at the following rates:
13 until January 1, 2002, 0.5% of salary; beginning January 1,
14 2002, 0.65% of salary; beginning July 1, 2003, 0.75% of salary;
15 beginning July 1, 2005, 0.80% of salary; beginning July 1,
16 2007, a percentage of salary to be determined by the Department
17 of Central Management Services by rule, which in each fiscal
18 year shall not exceed 105% of the percentage of salary actually
19 required to be paid in the previous fiscal year.

20 These contributions shall be deducted by the employer and
21 paid to the System as service agent for the Department of
22 Central Management Services. The System may use the same
23 processes for collecting the contributions required by this
24 subsection that it uses to collect contributions received from
25 school districts and other covered employers under Sections

1 16-154 and 16-155 of the Illinois Pension Code.

2 An employer may agree to pick up or pay the contributions
3 required under this subsection on behalf of the teacher; such
4 contributions shall be deemed to have to have been paid by the
5 teacher. Beginning January 1, 2002, if the employer does not
6 directly pay the required member contribution, then the
7 employer shall reduce the member's salary by an amount equal to
8 the required contribution and shall then pay the contribution
9 on behalf of the member. This reduction shall not change the
10 amounts reported as creditable earnings to the Teachers'
11 Retirement System.

12 A person who purchases optional service credit under
13 Article 16 of the Illinois Pension Code for a period after June
14 30, 1995 must also make a contribution under this subsection
15 for that optional credit, at the rate provided in subsection
16 (a), based on the salary used in computing the optional service
17 credit, plus interest on this employee contribution. This
18 contribution shall be collected by the System as service agent
19 for the Department of Central Management Services. The
20 contribution required under this subsection for the optional
21 service credit must be paid in full before any annuity based on
22 that credit begins.

23 (a-5) Beginning January 1, 2002, every employer of a
24 teacher (other than an employer that is a department as defined
25 in Section 3 of this Act) shall pay an employer contribution
26 toward the cost of annuitant and survivor health benefits.

1 These contributions shall be computed as follows:

2 (1) Beginning January 1, 2002 through June 30, 2003,
3 the employer contribution shall be equal to 0.4% of each
4 teacher's salary.

5 (2) Beginning July 1, 2003, the employer contribution
6 shall be equal to 0.5% of each teacher's salary.

7 (3) Beginning July 1, 2005, the employer contribution
8 shall be equal to 0.6% of each teacher's salary.

9 (4) Beginning July 1, 2007, the employer contribution
10 shall be a percentage of each teacher's salary to be
11 determined by the Department of Central Management
12 Services by rule, which in each fiscal year shall not
13 exceed 105% of the percentage of each teacher's salary
14 actually required to be paid in the previous fiscal year.

15 These contributions shall be paid by the employer to the
16 System as service agent for the Department of Central
17 Management Services. The System may use the same processes for
18 collecting the contributions required by this subsection that
19 it uses to collect contributions received from school districts
20 and other covered employers under the Illinois Pension Code.

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

26 (b) The Teachers' Retirement System shall promptly deposit

1 all moneys collected under subsections (a) and (a-5) of this
2 Section into the Teacher Health Insurance Security Fund created
3 in Section 6.5 of this Act. The moneys collected under this
4 Section shall be used only for the purposes authorized in
5 Section 6.5 of this Act and shall not be considered to be
6 assets of the Teachers' Retirement System. Contributions made
7 under this Section are not transferable to other pension funds
8 or retirement systems and are not refundable upon termination
9 of service.

10 (c) On or before November 15 of each year, the Board of
11 Trustees of the Teachers' Retirement System shall certify to
12 the Governor, the Director of Central Management Services, and
13 the State Comptroller its estimate of the total amount of
14 contributions to be paid under subsection (a) of this Section
15 6.6 for the next fiscal year. The amount certified shall be
16 decreased or increased each year by the amount that the actual
17 active teacher contributions either fell short of or exceeded
18 the estimate used by the Board in making the certification for
19 the previous fiscal year. The certification shall include a
20 detailed explanation of the methods and information that the
21 Board relied upon in preparing its estimate. As soon as
22 possible after the effective date of this amendatory Act of the
23 92nd General Assembly, the Board shall recalculate and
24 recertify its certifications for fiscal years 2002 and 2003.

25 (d) Beginning in fiscal year 1996 and ending with the close
26 of fiscal year 2013, on the first day of each month, or as soon

1 thereafter as may be practical, the State Treasurer and the
2 State Comptroller shall transfer from the General Revenue Fund
3 to the Teacher Health Insurance Security Fund 1/12 of the
4 annual amount appropriated for that fiscal year to the State
5 Comptroller for deposit into the Teacher Health Insurance
6 Security Fund under Section 1.3 of the State Pension Funds
7 Continuing Appropriation Act.

8 (e) Except where otherwise specified in this Section, the
9 definitions that apply to Article 16 of the Illinois Pension
10 Code apply to this Section.

11 (f) (Blank).

12 (Source: P.A. 92-505, eff. 12-20-01; 93-679, eff. 6-30-04.)

13 (5 ILCS 375/6.10)

14 Sec. 6.10. Contributions to the Community College Health
15 Insurance Security Fund.

16 (a) Beginning January 1, 1999, every active contributor of
17 the State Universities Retirement System (established under
18 Article 15 of the Illinois Pension Code) who (1) is a full-time
19 employee of a community college district (other than a
20 community college district subject to Article VII of the Public
21 Community College Act) or an association of community college
22 boards and (2) is not an employee as defined in Section 3 of
23 this Act shall make contributions toward the cost of community
24 college annuitant and survivor health benefits at the rate of
25 0.50% of salary.

1 These contributions shall be deducted by the employer and
2 paid to the State Universities Retirement System as service
3 agent for the Department of Central Management Services. The
4 System may use the same processes for collecting the
5 contributions required by this subsection that it uses to
6 collect the contributions received from those employees under
7 Section 15-157 of the Illinois Pension Code. An employer may
8 agree to pick up or pay the contributions required under this
9 subsection on behalf of the employee; such contributions shall
10 be deemed to have been paid by the employee.

11 The State Universities Retirement System shall promptly
12 deposit all moneys collected under this subsection (a) into the
13 Community College Health Insurance Security Fund created in
14 Section 6.9 of this Act. The moneys collected under this
15 Section shall be used only for the purposes authorized in
16 Section 6.9 of this Act and shall not be considered to be
17 assets of the State Universities Retirement System.
18 Contributions made under this Section are not transferable to
19 other pension funds or retirement systems and are not
20 refundable upon termination of service.

21 (b) Beginning January 1, 1999, every community college
22 district (other than a community college district subject to
23 Article VII of the Public Community College Act) or association
24 of community college boards that is an employer under the State
25 Universities Retirement System shall contribute toward the
26 cost of the community college health benefits provided under

1 Section 6.9 of this Act an amount equal to 0.50% of the salary
2 paid to its full-time employees who participate in the State
3 Universities Retirement System and are not members as defined
4 in Section 3 of this Act.

5 These contributions shall be paid by the employer to the
6 State Universities Retirement System as service agent for the
7 Department of Central Management Services. The System may use
8 the same processes for collecting the contributions required by
9 this subsection that it uses to collect the contributions
10 received from those employers under Section 15-155 of the
11 Illinois Pension Code.

12 The State Universities Retirement System shall promptly
13 deposit all moneys collected under this subsection (b) into the
14 Community College Health Insurance Security Fund created in
15 Section 6.9 of this Act. The moneys collected under this
16 Section shall be used only for the purposes authorized in
17 Section 6.9 of this Act and shall not be considered to be
18 assets of the State Universities Retirement System.
19 Contributions made under this Section are not transferable to
20 other pension funds or retirement systems and are not
21 refundable upon termination of service.

22 The Department of Healthcare and Family Services, or any
23 successor agency designated to procure healthcare contracts
24 pursuant to this Act, is authorized to establish funds,
25 separate accounts provided by any bank or banks as defined by
26 the Illinois Banking Act, or separate accounts provided by any

1 savings and loan association or associations as defined by the
2 Illinois Savings and Loan Act of 1985 to be held by the
3 Director, outside the State treasury, for the purpose of
4 receiving the transfer of moneys from the Community College
5 Health Insurance Security Fund. The Department may promulgate
6 rules further defining the methodology for the transfers. Any
7 interest earned by moneys in the funds or accounts shall inure
8 to the Community College Health Insurance Security Fund. The
9 transferred moneys, and interest accrued thereon, shall be used
10 exclusively for transfers to administrative service
11 organizations or their financial institutions for payments of
12 claims to claimants and providers under the self-insurance
13 health plan. The transferred moneys, and interest accrued
14 thereon, shall not be used for any other purpose including, but
15 not limited to, reimbursement of administration fees due the
16 administrative service organization pursuant to its contract
17 or contracts with the Department.

18 (c) On or before November 15 of each year, the Board of
19 Trustees of the State Universities Retirement System shall
20 certify to the Governor, the Director of Central Management
21 Services, and the State Comptroller its estimate of the total
22 amount of contributions to be paid under subsection (a) of this
23 Section for the next fiscal year. Beginning in fiscal year
24 2008, the amount certified shall be decreased or increased each
25 year by the amount that the actual active employee
26 contributions either fell short of or exceeded the estimate

1 used by the Board in making the certification for the previous
2 fiscal year. The State Universities Retirement System shall
3 calculate the amount of actual active employee contributions in
4 fiscal years 1999 through 2005. Based upon this calculation,
5 the fiscal year 2008 certification shall include an amount
6 equal to the cumulative amount that the actual active employee
7 contributions either fell short of or exceeded the estimate
8 used by the Board in making the certification for those fiscal
9 years. The certification shall include a detailed explanation
10 of the methods and information that the Board relied upon in
11 preparing its estimate. As soon as possible after the effective
12 date of this Section, the Board shall submit its estimate for
13 fiscal year 1999.

14 (d) Beginning in fiscal year 1999 and ending with the close
15 of fiscal year 2013, on the first day of each month, or as soon
16 thereafter as may be practical, the State Treasurer and the
17 State Comptroller shall transfer from the General Revenue Fund
18 to the Community College Health Insurance Security Fund 1/12 of
19 the annual amount appropriated for that fiscal year to the
20 State Comptroller for deposit into the Community College Health
21 Insurance Security Fund under Section 1.4 of the State Pension
22 Funds Continuing Appropriation Act.

23 (e) Except where otherwise specified in this Section, the
24 definitions that apply to Article 15 of the Illinois Pension
25 Code apply to this Section.

26 (Source: P.A. 94-839, eff. 6-6-06; 95-632, eff. 9-25-07.)

1 (5 ILCS 375/6.10A new)

2 Sec. 6.10A. Health benefits for new university benefit
3 recipients and new university dependent beneficiaries.

4 (a) Purpose. It is the purpose of this amendatory Act of
5 97th General Assembly to establish a uniform program of health
6 benefits for new university benefit recipients and their
7 dependent beneficiaries under the administration of the
8 Department of Central Management Services.

9 (b) Creation of program. Beginning July 1, 2013, the
10 Department of Central Management Services shall be responsible
11 for administering a program of health benefits for new
12 university benefit recipients and new university dependent
13 beneficiaries under this Section. The State Universities
14 Retirement System and the various employers shall cooperate
15 with the Department in this endeavor.

16 (c) Eligibility. All new university benefit recipients and
17 new university dependent beneficiaries shall be eligible to
18 participate in the program established under this Section,
19 without any interruption or delay in coverage or limitation as
20 to pre-existing medical conditions. Eligibility to participate
21 shall be determined by the State Universities Retirement
22 System. Eligibility information shall be communicated to the
23 Department of Central Management Services in a format
24 acceptable to the Department.

25 (d) Coverage. The health benefit coverage provided under

1 this Section shall be a program of health, dental, and vision
2 benefits.

3 The program of health benefits under this Section may
4 include any or all of the benefit limitations, including, but
5 not limited to, a reduction in benefits based on eligibility
6 for federal medicare benefits, that are provided under
7 subsection (a) of Section 6 of this Act for other health
8 benefit programs under this Act.

9 (e) Insurance rates and premiums. The Director shall
10 determine the insurance rates and premiums for new university
11 benefit recipients and new university dependent beneficiaries.
12 Rates and premiums may be based in part on age and eligibility
13 for federal Medicare coverage. The Director shall also
14 determine premiums that will allow for the establishment of an
15 actuarially sound reserve for this program.

16 The cost of health benefits under the program shall be paid
17 as follows:

18 (1) For a new university benefit recipient, up to 75%
19 of the total insurance rate shall be paid from the State
20 Universities Health Insurance Security Fund.

21 (2) The balance of the rate of insurance, including the
22 entire premium for any coverage for new university
23 dependent beneficiaries that has been elected, shall be
24 paid by deductions authorized by the new university benefit
25 recipient to be withheld from his or her monthly annuity or
26 benefit payment from the State Universities Retirement

1 System; except that (i) if the balance of the cost of
2 coverage exceeds the amount of the monthly annuity or
3 benefit payment, the difference shall be paid directly to
4 the State Universities Retirement System by the new
5 university benefit recipient, and (ii) all or part of the
6 balance of the cost of coverage may, at the option of the
7 employer, be paid to the State Universities Retirement
8 System by the employer from which the new university
9 benefit recipient retired. The State Universities
10 Retirement System shall promptly deposit all moneys
11 withheld by or paid to it under this subdivision (e)(2)
12 into the State Universities Health Insurance Security
13 Fund. These moneys shall not be considered assets of the
14 State Universities Retirement System.

15 (f) Financing. All revenues arising from the
16 administration of the health benefit program established under
17 this Section shall be deposited into the State Universities
18 Health Insurance Security Fund, which is hereby created as a
19 nonappropriated trust fund to be held outside the State
20 Treasury, with the State Treasurer as custodian. Any interest
21 earned on moneys in the State Universities Health Insurance
22 Security Fund shall be deposited into the Fund.

23 Moneys in the State Universities Health Insurance Security
24 Fund shall be used only to pay the costs of the health benefit
25 program established under this Section, including associated
26 administrative costs and the establishment of a program

1 reserve. Beginning January 1, 2013, the Department of Central
2 Management Services may make expenditures from the State
3 Universities Health Insurance Security Fund for those costs.

4 (g) Contract for benefits. The Director shall by contract,
5 self-insurance, or otherwise make available the program of
6 health benefits for new university benefit recipients and their
7 new university dependent beneficiaries that is provided for in
8 this Section. The contract or other arrangement for the
9 provision of these health benefits shall be on terms deemed by
10 the Director to be in the best interest of the State of
11 Illinois and the new university benefit recipients based on,
12 but not limited to, such criteria as administrative cost,
13 service capabilities of the carrier or other contractor, and
14 the costs of the benefits.

15 (h) Continuation of program. It is the intention of the
16 General Assembly that the program of health benefits provided
17 under this Section be maintained on an ongoing, affordable
18 basis. The program of health benefits provided under this
19 Section may be amended by the State and is not intended to be a
20 pension or retirement benefit subject to protection under
21 Article XIII, Section 5 of the Illinois Constitution.

22 (i) Other health benefit plans. A health benefit plan
23 provided by an employer under the terms of a collective
24 bargaining agreement in effect on or prior to the effective
25 date of this amendatory Act of 97th General Assembly shall
26 continue in force according to the terms of that agreement,

1 unless otherwise mutually agreed by the parties to that
2 agreement and the affected retiree. A new university benefit
3 recipient or new university dependent beneficiary whose
4 coverage under such a plan expires shall begin participating in
5 the program established under this Section without any
6 interruption or delay in coverage or limitation as to
7 pre-existing medical conditions.

8 This Act does not prohibit any employer from offering
9 additional health benefits for its retirees or their dependents
10 or survivors.

11 (5 ILCS 375/6.10B new)

12 Sec. 6.10B. State Universities Health Insurance Security
13 Fund.

14 (a) Beginning July 1, 2013, every active contributor of the
15 State Universities Retirement System (established under
16 Article 15 of the Illinois Pension Code) who (1) is employed on
17 a full-time basis by an employer listed under Section 15-106,
18 other than a community college district or an association of
19 community college boards, and (2) is not an employee as defined
20 in Section 3 of this Act shall make contributions toward the
21 cost of new university benefit recipient and new university
22 dependent beneficiary health benefits at the rate of 0.50% of
23 salary.

24 These contributions shall be deducted by the employer and
25 paid to the State Universities Retirement System as service

1 agent for the Department of Central Management Services. The
2 System may use the same processes for collecting the
3 contributions required by this subsection that it uses to
4 collect the contributions received under Section 15-157 of the
5 Illinois Pension Code. An employer may agree to pick up or pay
6 the contributions required under this subsection; such
7 contributions shall be deemed to have been paid by the active
8 contributor.

9 The State Universities Retirement System shall promptly
10 deposit all moneys collected under this subsection (a) into the
11 State Universities Health Insurance Security Fund created in
12 Section 6.10A of this Act. The moneys collected under this
13 Section shall be used only for the purposes authorized in
14 Section 6.10A of this Act and shall not be considered to be
15 assets of the State Universities Retirement System.
16 Contributions made under this Section are not transferable to
17 other pension funds or retirement systems and are not
18 refundable upon termination of service.

19 (b) Beginning July 1, 2013, every employer listed in
20 Section 15-106 of the Illinois Pension Code, other than a
21 community college district or association of community college
22 boards, shall contribute toward the cost of the new university
23 benefit recipient and new university dependent beneficiary
24 health benefits provided under Section 6.10A of this Act an
25 amount equal to 0.50% of the salary paid to each active
26 contributor who is subject to subsection (a).

1 These contributions shall be paid by the employer to the
2 State Universities Retirement System as service agent for the
3 Department of Central Management Services. The System may use
4 the same processes for collecting the contributions required by
5 this subsection that it uses to collect the contributions
6 received from those employers under Section 15-155 of the
7 Illinois Pension Code.

8 The State Universities Retirement System shall promptly
9 deposit all moneys collected under this subsection (b) into the
10 State Universities Health Insurance Security Fund created in
11 Section 6.10A of this Act. The moneys collected under this
12 Section shall be used only for the purposes authorized in
13 Section 6.10A of this Act and shall not be considered to be
14 assets of the State Universities Retirement System.
15 Contributions made under this Section are not transferable to
16 other pension funds or retirement systems and are not
17 refundable upon termination of service.

18 The Department of Central Management Services, or any
19 successor agency designated to procure healthcare contracts
20 pursuant to this Act, is authorized to establish funds,
21 separate accounts provided by any bank or banks as defined by
22 the Illinois Banking Act, or separate accounts provided by any
23 savings and loan association or associations as defined by the
24 Illinois Savings and Loan Act of 1985 to be held by the
25 Director, outside the State treasury, for the purpose of
26 receiving the transfer of moneys from the State Universities

1 Health Insurance Security Fund. The Department may promulgate
2 rules under the Illinois Administrative Procedure Act further
3 defining the methodology for the transfers. Any interest earned
4 by moneys in the funds or accounts shall inure to the State
5 Universities Health Insurance Security Fund. The transferred
6 moneys, and interest accrued thereon, shall be used exclusively
7 for transfers to administrative service organizations or their
8 financial institutions for payments of claims to claimants and
9 providers under the self-insurance health plan. The
10 transferred moneys, and interest accrued thereon, shall not be
11 used for any other purpose including, but not limited to,
12 reimbursement of administration fees due the administrative
13 service organization pursuant to its contract or contracts with
14 the Department.

15 (c) On or before November 15 of each year, the Board of
16 Trustees of the State Universities Retirement System shall
17 certify to the Governor, the Director of Central Management
18 Services, and the State Comptroller its estimate of the total
19 amount of contributions to be paid under subsection (a) of this
20 Section for the next fiscal year. Beginning in fiscal year
21 2015, the amount certified shall be decreased or increased each
22 year by the amount that the actual active employee
23 contributions either fell short of or exceeded the estimate
24 used by the Board in making the certification for the previous
25 fiscal year.

26 (d) Except where otherwise specified in this Section, the

1 definitions that apply to Article 15 of the Illinois Pension
2 Code apply to this Section.

3 Section 10. The Illinois Pension Code is amended by
4 changing Sections 2-105, 2-124, 14-103.06, 14-131, 15-134,
5 15-155, 16-107, 16-158, 18-110, and 18-131 and by adding
6 Sections 1-167 and 1-168 as follows:

7 (40 ILCS 5/1-167 new)

8 Sec. 1-167. Tax-sheltered annuity for eligible employees
9 and teachers.

10 (a) Each employer under Article 15 that employs one or more
11 persons who are eligible to participate in a tax-sheltered
12 annuity retirement plan under Section 403(b) of the Internal
13 Revenue Code of 1986 shall establish one of those plans and
14 offer to each of its eligible employees who first becomes an
15 employee on or after the effective of this amendatory Act of
16 the 97th General Assembly the ability to participate in that
17 plan.

18 (b) Each employer under Article 16 that employs one or more
19 persons who are eligible to participate in a tax-sheltered
20 annuity retirement plan under Section 403(b) of the Internal
21 Revenue Code of 1986 shall establish one of those plans and
22 offer to each of its eligible teachers who first becomes a
23 teacher on or after the effective of this amendatory Act of the
24 97th General Assembly the ability to participate in that plan.

1 (40 ILCS 5/1-168 new)

2 Sec. 1-168. Mandatory benefit election. Notwithstanding
3 any other provision of this Code, within 5 years after the
4 effective date of this amendatory Act of the 97th General
5 Assembly, each person who, on the effective date of this
6 amendatory Act of the 97th General Assembly, is a member or
7 participant of a retirement system established under Article 2,
8 14, 15, 16, or 18 of this Code shall elect either to
9 participate in or opt out of participation in the retirement
10 systems created under those Articles. A person who fails to
11 make the required election within the time period specified
12 shall be deemed to have opted out of participation in the
13 pension funds and retirement systems established under this
14 Code.

15 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

16 Sec. 2-105. Member. "Member": Members of the General
17 Assembly of this State including persons who enter military
18 service while a member of the General Assembly and any person
19 serving as Governor, Lieutenant Governor, Secretary of State,
20 Treasurer, Comptroller, or Attorney General for the period of
21 service in such office.

22 Any person who has served for 10 or more years as Clerk or
23 Assistant Clerk of the House of Representatives, Secretary or
24 Assistant Secretary of the Senate, or any combination thereof,

1 may elect to become a member of this system while thenceforth
2 engaged in such service by filing a written election with the
3 board. Any person so electing shall be deemed an active member
4 of the General Assembly for the purpose of validating and
5 transferring any service credits earned under any of the funds
6 and systems established under Articles 3 through 18 of this
7 Code.

8 Notwithstanding any other provision of this Code, on and
9 after the effective date of this amendatory Act of the 97th
10 General Assembly, a person may not become a member of the
11 retirement system created under this Article.

12 (Source: P.A. 85-1008.)

13 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

14 Sec. 2-124. Contributions by State.

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

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

1 (c) For State fiscal year 2014 and each fiscal year
2 thereafter, the minimum contribution to the System to be made
3 by the State for each fiscal year shall be 10.2% of the
4 applicable employee payroll.

5 For State fiscal years 2012 and 2013 ~~through 2045~~, the
6 minimum contribution to the System to be made by the State for
7 each fiscal year shall be an amount determined by the System to
8 be sufficient to bring the total assets of the System up to 90%
9 of the total actuarial liabilities of the System by the end of
10 State fiscal year 2045. In making these determinations, the
11 required State contribution shall be calculated each year as a
12 level percentage of payroll over the years remaining to and
13 including fiscal year 2045 and shall be determined under the
14 projected unit credit actuarial cost method.

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

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2006 is
22 \$4,157,000.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2007 is
25 \$5,220,300.

26 For each of State fiscal years 2008 through 2009, the State

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

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2010 is
8 \$10,454,000 and shall be made from the proceeds of bonds sold
9 in fiscal year 2010 pursuant to Section 7.2 of the General
10 Obligation Bond Act, less (i) the pro rata share of bond sale
11 expenses determined by the System's share of total bond
12 proceeds, (ii) any amounts received from the General Revenue
13 Fund in fiscal year 2010, and (iii) any reduction in bond
14 proceeds due to the issuance of discounted bonds, if
15 applicable.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2011 is
18 the amount recertified by the System on or before April 1, 2011
19 pursuant to Section 2-134 and shall be made from the proceeds
20 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
21 the General Obligation Bond Act, less (i) the pro rata share of
22 bond sale expenses determined by the System's share of total
23 bond proceeds, (ii) any amounts received from the General
24 Revenue Fund in fiscal year 2011, and (iii) any reduction in
25 bond proceeds due to the issuance of discounted bonds, if
26 applicable.

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

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

17 Notwithstanding any other provision of this Section, the
18 required State contribution for State fiscal year 2005 and for
19 fiscal year 2008 and each fiscal year thereafter, as calculated
20 under this Section and certified under Section 2-134, shall not
21 exceed an amount equal to (i) the amount of the required State
22 contribution that would have been calculated under this Section
23 for that fiscal year if the System had not received any
24 payments under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act, minus (ii) the portion of the State's
26 total debt service payments for that fiscal year on the bonds

1 issued in fiscal year 2003 for the purposes of that Section
2 7.2, as determined and certified by the Comptroller, that is
3 the same as the System's portion of the total moneys
4 distributed under subsection (d) of Section 7.2 of the General
5 Obligation Bond Act. In determining this maximum for State
6 fiscal years 2008 through 2010, however, the amount referred to
7 in item (i) shall be increased, as a percentage of the
8 applicable employee payroll, in equal increments calculated
9 from the sum of the required State contribution for State
10 fiscal year 2007 plus the applicable portion of the State's
11 total debt service payments for fiscal year 2007 on the bonds
12 issued in fiscal year 2003 for the purposes of Section 7.2 of
13 the General Obligation Bond Act, so that, by State fiscal year
14 2011, the State is contributing at the rate otherwise required
15 under this Section.

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

20 As of June 30, 2008, the actuarial value of the System's
21 assets shall be equal to the market value of the assets as of
22 that date. In determining the actuarial value of the System's
23 assets for fiscal years after June 30, 2008, any actuarial
24 gains or losses from investment return incurred in a fiscal
25 year shall be recognized in equal annual amounts over the
26 5-year period following that fiscal year.

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

5 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
6 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
7 7-13-12.)

8 (40 ILCS 5/14-103.06) (from Ch. 108 1/2, par. 14-103.06)

9 Sec. 14-103.06. Member. "Member": Any employee included in
10 the membership of the system; and any former employee who made
11 contributions to the system and has not received a refund and
12 who is not receiving a retirement annuity under this Article.

13 Notwithstanding any other provision of this Code, on and
14 after the effective date of this amendatory Act of the 97th
15 General Assembly, a person may not become a member of the
16 retirement system created under this Article.

17 (Source: P.A. 80-841.)

18 (40 ILCS 5/14-131)

19 Sec. 14-131. Contributions by State.

20 (a) The State shall make contributions to the System by
21 appropriations of amounts which, together with other employer
22 contributions from trust, federal, and other funds, employee
23 contributions, investment income, and other income, will be
24 sufficient to meet the cost of maintaining and administering

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

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

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

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

23 For the purposes of this Section and Section 14.1 of the
24 State Finance Act, the term "eligible employees" includes
25 employees who participate in the System, persons who may elect
26 to participate in the System but have not so elected, persons

1 who are serving a qualifying period that is required for
2 participation, and annuitants employed by a department as
3 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

18 (c-1) Notwithstanding subsection (c) of this Section, for
19 fiscal years 2010, 2012, and 2013 only, contributions by the
20 several departments are not required to be made for General
21 Revenue Funds payrolls processed by the Comptroller. Payrolls
22 paid by the several departments from all other State funds must
23 continue to be processed pursuant to subsection (c) of this
24 Section.

25 (c-2) For State fiscal years 2010, 2012, and 2013 only, on
26 or as soon as possible after the 15th day of each month, the

1 Board shall submit vouchers for payment of State contributions
2 to the System, in a total monthly amount of one-twelfth of the
3 fiscal year General Revenue Fund contribution as certified by
4 the System pursuant to Section 14-135.08 of the Illinois
5 Pension Code.

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

20 (e) For State fiscal year 2014 and each fiscal year
21 thereafter, the minimum contribution to the System to be made
22 by the State for each fiscal year shall be 10.2% of the
23 applicable employee payroll.

24 For State fiscal years 2012 and 2013 ~~through 2015~~, the
25 minimum contribution to the System to be made by the State for
26 each fiscal year shall be an amount determined by the System to

1 be sufficient to bring the total assets of the System up to 90%
2 of the total actuarial liabilities of the System by the end of
3 State fiscal year 2045. In making these determinations, the
4 required State contribution shall be calculated each year as a
5 level percentage of payroll over the years remaining to and
6 including fiscal year 2045 and shall be determined under the
7 projected unit credit actuarial cost method.

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

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

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

7 For each of State fiscal years 2008 through 2009, the State
8 contribution to the System, as a percentage of the applicable
9 employee payroll, shall be increased in equal annual increments
10 from the required State contribution for State fiscal year
11 2007, so that by State fiscal year 2011, the State is
12 contributing at the rate otherwise required under this Section.

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

23 Notwithstanding any other provision of this Article, the
24 total required State General Revenue Fund contribution for
25 State fiscal year 2011 is the amount recertified by the System
26 on or before April 1, 2011 pursuant to Section 14-135.08 and

1 shall be made from the proceeds of bonds sold in fiscal year
2 2011 pursuant to Section 7.2 of the General Obligation Bond
3 Act, less (i) the pro rata share of bond sale expenses
4 determined by the System's share of total bond proceeds, (ii)
5 any amounts received from the General Revenue Fund in fiscal
6 year 2011, and (iii) any reduction in bond proceeds due to the
7 issuance of discounted bonds, if applicable.

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

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

24 Notwithstanding any other provision of this Section, the
25 required State contribution for State fiscal year 2005 and for
26 fiscal year 2008 and each fiscal year thereafter, as calculated

1 under this Section and certified under Section 14-135.08, shall
2 not exceed an amount equal to (i) the amount of the required
3 State contribution that would have been calculated under this
4 Section for that fiscal year if the System had not received any
5 payments under subsection (d) of Section 7.2 of the General
6 Obligation Bond Act, minus (ii) the portion of the State's
7 total debt service payments for that fiscal year on the bonds
8 issued in fiscal year 2003 for the purposes of that Section
9 7.2, as determined and certified by the Comptroller, that is
10 the same as the System's portion of the total moneys
11 distributed under subsection (d) of Section 7.2 of the General
12 Obligation Bond Act. In determining this maximum for State
13 fiscal years 2008 through 2010, however, the amount referred to
14 in item (i) shall be increased, as a percentage of the
15 applicable employee payroll, in equal increments calculated
16 from the sum of the required State contribution for State
17 fiscal year 2007 plus the applicable portion of the State's
18 total debt service payments for fiscal year 2007 on the bonds
19 issued in fiscal year 2003 for the purposes of Section 7.2 of
20 the General Obligation Bond Act, so that, by State fiscal year
21 2011, the State is contributing at the rate otherwise required
22 under this Section.

23 (f) After the submission of all payments for eligible
24 employees from personal services line items in fiscal year 2004
25 have been made, the Comptroller shall provide to the System a
26 certification of the sum of all fiscal year 2004 expenditures

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

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

25 As of June 30, 2008, the actuarial value of the System's
26 assets shall be equal to the market value of the assets as of

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

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

10 (i) After the submission of all payments for eligible
11 employees from personal services line items paid from the
12 General Revenue Fund in fiscal year 2010 have been made, the
13 Comptroller shall provide to the System a certification of the
14 sum of all fiscal year 2010 expenditures for personal services
15 that would have been covered by payments to the System under
16 this Section if the provisions of this amendatory Act of the
17 96th General Assembly had not been enacted. Upon receipt of the
18 certification, the System shall determine the amount due to the
19 System based on the full rate certified by the Board under
20 Section 14-135.08 for fiscal year 2010 in order to meet the
21 State's obligation under this Section. The System shall compare
22 this amount due to the amount received by the System in fiscal
23 year 2010 through payments under this Section. If the amount
24 due is more than the amount received, the difference shall be
25 termed the "Fiscal Year 2010 Shortfall" for purposes of this
26 Section, and the Fiscal Year 2010 Shortfall shall be satisfied

1 under Section 1.2 of the State Pension Funds Continuing
2 Appropriation Act. If the amount due is less than the amount
3 received, the difference shall be termed the "Fiscal Year 2010
4 Overpayment" for purposes of this Section, and the Fiscal Year
5 2010 Overpayment shall be repaid by the System to the General
6 Revenue Fund as soon as practicable after the certification.

7 (j) After the submission of all payments for eligible
8 employees from personal services line items paid from the
9 General Revenue Fund in fiscal year 2011 have been made, the
10 Comptroller shall provide to the System a certification of the
11 sum of all fiscal year 2011 expenditures for personal services
12 that would have been covered by payments to the System under
13 this Section if the provisions of this amendatory Act of the
14 96th General Assembly had not been enacted. Upon receipt of the
15 certification, the System shall determine the amount due to the
16 System based on the full rate certified by the Board under
17 Section 14-135.08 for fiscal year 2011 in order to meet the
18 State's obligation under this Section. The System shall compare
19 this amount due to the amount received by the System in fiscal
20 year 2011 through payments under this Section. If the amount
21 due is more than the amount received, the difference shall be
22 termed the "Fiscal Year 2011 Shortfall" for purposes of this
23 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
24 under Section 1.2 of the State Pension Funds Continuing
25 Appropriation Act. If the amount due is less than the amount
26 received, the difference shall be termed the "Fiscal Year 2011

1 Overpayment" for purposes of this Section, and the Fiscal Year
2 2011 Overpayment shall be repaid by the System to the General
3 Revenue Fund as soon as practicable after the certification.

4 (k) For fiscal years 2012 and 2013 only, after the
5 submission of all payments for eligible employees from personal
6 services line items paid from the General Revenue Fund in the
7 fiscal year have been made, the Comptroller shall provide to
8 the System a certification of the sum of all expenditures in
9 the fiscal year for personal services. Upon receipt of the
10 certification, the System shall determine the amount due to the
11 System based on the full rate certified by the Board under
12 Section 14-135.08 for the fiscal year in order to meet the
13 State's obligation under this Section. The System shall compare
14 this amount due to the amount received by the System for the
15 fiscal year. If the amount due is more than the amount
16 received, the difference shall be termed the "Prior Fiscal Year
17 Shortfall" for purposes of this Section, and the Prior Fiscal
18 Year Shortfall shall be satisfied under Section 1.2 of the
19 State Pension Funds Continuing Appropriation Act. If the amount
20 due is less than the amount received, the difference shall be
21 termed the "Prior Fiscal Year Overpayment" for purposes of this
22 Section, and the Prior Fiscal Year Overpayment shall be repaid
23 by the System to the General Revenue Fund as soon as
24 practicable after the certification.

25 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
26 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.

1 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,
2 eff. 6-30-12.)

3 (40 ILCS 5/15-134) (from Ch. 108 1/2, par. 15-134)
4 Sec. 15-134. Participant.

5 (a) Each person shall, as a condition of employment, become
6 a participant and be subject to this Article on the date that
7 he or she becomes an employee, makes an election to participate
8 in, or otherwise becomes a participant in one of the retirement
9 programs offered under this Article, whichever date is later.

10 An employee who becomes a participant shall continue to be
11 a participant until he or she becomes an annuitant, dies or
12 accepts a refund of contributions. For purposes of subsection
13 (f) of Section 1-160, the term "participant" shall include a
14 person receiving a retirement annuity.

15 (b) A person employed concurrently by 2 or more employers
16 is eligible to participate in the system on compensation
17 received from all employers.

18 (c) Notwithstanding any other provision of this Code, on
19 and after the effective date of this amendatory Act of the 97th
20 General Assembly, a person may not become a participant of the
21 retirement system created under this Article.

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

23 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)
24 Sec. 15-155. Employer contributions.

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

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

13 (a-1) For State fiscal year 2014 and each fiscal year
14 thereafter, the total annual contribution shall be an amount
15 determined by the System to be sufficient to bring the total
16 assets of the System up to 90% of the total actuarial
17 liabilities of the System by the end of State fiscal year 2045.
18 In making these determinations, the required total annual
19 contribution shall be calculated each year as a level
20 percentage of payroll over the years remaining to and including
21 fiscal year 2045 and shall be determined under the projected
22 unit credit actuarial cost method.

23 In State fiscal year 2014, employers shall contribute 50%
24 of the total annual contribution for that year, and the State
25 shall contribute 50% of the total annual contribution for that
26 year. In State fiscal year 2015 and each fiscal year

1 thereafter, employers shall contribute the total annual
2 contribution or 101% of the previous year's employer
3 contribution, whichever is less, and the State shall contribute
4 the difference between the total annual contribution for that
5 year and the required employer contribution for that year.

6 For State fiscal years 2012 and 2013 ~~through 2045~~, the
7 minimum contribution to the System to be made by the State for
8 each fiscal year shall be an amount determined by the System to
9 be sufficient to bring the total assets of the System up to 90%
10 of the total actuarial liabilities of the System by the end of
11 State fiscal year 2045. In making these determinations, the
12 required State contribution shall be calculated each year as a
13 level percentage of payroll over the years remaining to and
14 including fiscal year 2045 and shall be determined under the
15 projected unit credit actuarial cost method.

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

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

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

1 For each of State fiscal years 2008 through 2009, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 from the required State contribution for State fiscal year
5 2007, so that by State fiscal year 2011, the State is
6 contributing at the rate otherwise required under this Section.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2010 is
9 \$702,514,000 and shall be made from the State Pensions Fund and
10 proceeds of bonds sold in fiscal year 2010 pursuant to Section
11 7.2 of the General Obligation Bond Act, less (i) the pro rata
12 share of bond sale expenses determined by the System's share of
13 total bond proceeds, (ii) any amounts received from the General
14 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
15 proceeds due to the issuance of discounted bonds, if
16 applicable.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2011 is
19 the amount recertified by the System on or before April 1, 2011
20 pursuant to Section 15-165 and shall be made from the State
21 Pensions Fund and proceeds of bonds sold in fiscal year 2011
22 pursuant to Section 7.2 of the General Obligation Bond Act,
23 less (i) the pro rata share of bond sale expenses determined by
24 the System's share of total bond proceeds, (ii) any amounts
25 received from the General Revenue Fund in fiscal year 2011, and
26 (iii) any reduction in bond proceeds due to the issuance of

1 discounted bonds, if applicable.

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

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

18 Notwithstanding any other provision of this Section, the
19 required State contribution for State fiscal year 2005 and for
20 fiscal year 2008 and each fiscal year thereafter, as calculated
21 under this Section and certified under Section 15-165, shall
22 not exceed an amount equal to (i) the amount of the required
23 State contribution that would have been calculated under this
24 Section for that fiscal year if the System had not received any
25 payments under subsection (d) of Section 7.2 of the General
26 Obligation Bond Act, minus (ii) the portion of the State's

1 total debt service payments for that fiscal year on the bonds
2 issued in fiscal year 2003 for the purposes of that Section
3 7.2, as determined and certified by the Comptroller, that is
4 the same as the System's portion of the total moneys
5 distributed under subsection (d) of Section 7.2 of the General
6 Obligation Bond Act. In determining this maximum for State
7 fiscal years 2008 through 2010, however, the amount referred to
8 in item (i) shall be increased, as a percentage of the
9 applicable employee payroll, in equal increments calculated
10 from the sum of the required State contribution for State
11 fiscal year 2007 plus the applicable portion of the State's
12 total debt service payments for fiscal year 2007 on the bonds
13 issued in fiscal year 2003 for the purposes of Section 7.2 of
14 the General Obligation Bond Act, so that, by State fiscal year
15 2011, the State is contributing at the rate otherwise required
16 under this Section.

17 (b) If an employee is paid from trust or federal funds, the
18 employer shall pay to the Board contributions from those funds
19 which are sufficient to cover the accruing normal costs on
20 behalf of the employee. However, universities having employees
21 who are compensated out of local auxiliary funds, income funds,
22 or service enterprise funds are not required to pay such
23 contributions on behalf of those employees. The local auxiliary
24 funds, income funds, and service enterprise funds of
25 universities shall not be considered trust funds for the
26 purpose of this Article, but funds of alumni associations,

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

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

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

1 other than those paid from trust and federal funds, shall be
2 payable solely from appropriations to the Illinois Community
3 College Board or the System for employer contributions.

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

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

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

21 (g) If the amount of a participant's earnings for any
22 academic year used to determine the final rate of earnings,
23 determined on a full-time equivalent basis, exceeds the amount
24 of his or her earnings with the same employer for the previous
25 academic year, determined on a full-time equivalent basis, by
26 more than 6%, the participant's employer shall pay to the

1 System, in addition to all other payments required under this
2 Section and in accordance with guidelines established by the
3 System, the present value of the increase in benefits resulting
4 from the portion of the increase in earnings that is in excess
5 of 6%. This present value shall be computed by the System on
6 the basis of the actuarial assumptions and tables used in the
7 most recent actuarial valuation of the System that is available
8 at the time of the computation. The System may require the
9 employer to provide any pertinent information or
10 documentation.

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

26 The employer contributions required under this subsection

1 (g) ~~(f)~~ may be paid in the form of a lump sum within 90 days
2 after receipt of the bill. If the employer contributions are
3 not paid within 90 days after receipt of the bill, then
4 interest will be charged at a rate equal to the System's annual
5 actuarially assumed rate of return on investment compounded
6 annually from the 91st day after receipt of the bill. Payments
7 must be concluded within 3 years after the employer's receipt
8 of the bill.

9 (h) This subsection (h) applies only to payments made or
10 salary increases given on or after June 1, 2005 but before July
11 1, 2011. The changes made by Public Act 94-1057 shall not
12 require the System to refund any payments received before July
13 31, 2006 (the effective date of Public Act 94-1057).

14 When assessing payment for any amount due under subsection
15 (g), the System shall exclude earnings increases paid to
16 participants under contracts or collective bargaining
17 agreements entered into, amended, or renewed before June 1,
18 2005.

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

23 When assessing payment for any amount due under subsection
24 (g), the System shall exclude earnings increases resulting from
25 overload work, including a contract for summer teaching, or
26 overtime when the employer has certified to the System, and the

1 System has approved the certification, that: (i) in the case of
2 overloads (A) the overload work is for the sole purpose of
3 academic instruction in excess of the standard number of
4 instruction hours for a full-time employee occurring during the
5 academic year that the overload is paid and (B) the earnings
6 increases are equal to or less than the rate of pay for
7 academic instruction computed using the participant's current
8 salary rate and work schedule; and (ii) in the case of
9 overtime, the overtime was necessary for the educational
10 mission.

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

25 (i) When assessing payment for any amount due under
26 subsection (g), the System shall exclude any salary increase

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

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

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

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

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

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

24 (k) The Illinois Community College Board shall adopt rules
25 for recommending lists of promotional positions submitted to
26 the Board by community colleges and for reviewing the

1 promotional lists on an annual basis. When recommending
2 promotional lists, the Board shall consider the similarity of
3 the positions submitted to those positions recognized for State
4 universities by the State Universities Civil Service System.
5 The Illinois Community College Board shall file a copy of its
6 findings with the System. The System shall consider the
7 findings of the Illinois Community College Board when making
8 determinations under this Section. The System shall not exclude
9 any earnings increases resulting from a promotion when the
10 promotion was not submitted by a community college. Nothing in
11 this subsection (k) shall require any community college to
12 submit any information to the Community College Board.

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

17 As of June 30, 2008, the actuarial value of the System's
18 assets shall be equal to the market value of the assets as of
19 that date. In determining the actuarial value of the System's
20 assets for fiscal years after June 30, 2008, any actuarial
21 gains or losses from investment return incurred in a fiscal
22 year shall be recognized in equal annual amounts over the
23 5-year period following that fiscal year.

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

1 to the system's actuarially assumed rate of return.

2 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
3 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
4 7-13-12; revised 10-17-12.)

5 (40 ILCS 5/16-107) (from Ch. 108 1/2, par. 16-107)

6 Sec. 16-107. Member.

7 "Member": any teacher included in the membership of this
8 system during such membership.

9 Notwithstanding any other provision of this Code, on and
10 after the effective date of this amendatory Act of the 97th
11 General Assembly, a person may not become a member of the
12 retirement system created under this Article.

13 (Source: Laws 1963, p. 161.)

14 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

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

24 The Board shall determine the amount of State contributions

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

5 (a-1) Annually, on or before November 15 until November 15,
6 2011, the Board shall certify to the Governor the amount of the
7 required State contribution for the coming fiscal year. The
8 certification under this subsection (a-1) shall include a copy
9 of the actuarial recommendations upon which it is based and
10 shall specifically identify the System's projected State
11 normal cost for that fiscal year.

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

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

23 On or before April 1, 2011, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2011, applying
26 the changes made by Public Act 96-889 to the System's assets

1 and liabilities as of June 30, 2009 as though Public Act 96-889
2 was approved on that date.

3 (a-5) On or before November 1 of each year, beginning
4 November 1, 2012, the Board shall submit to the State Actuary,
5 the Governor, and the General Assembly a proposed certification
6 of the amount of the required State contribution to the System
7 for the next fiscal year, along with all of the actuarial
8 assumptions, calculations, and data upon which that proposed
9 certification is based. On or before January 1 of each year,
10 beginning January 1, 2013, the State Actuary shall issue a
11 preliminary report concerning the proposed certification and
12 identifying, if necessary, recommended changes in actuarial
13 assumptions that the Board must consider before finalizing its
14 certification of the required State contributions. On or before
15 January 15, 2013 and each January 15 thereafter, the Board
16 shall certify to the Governor and the General Assembly the
17 amount of the required State contribution for the next fiscal
18 year. The Board's certification must note any deviations from
19 the State Actuary's recommended changes, the reason or reasons
20 for not following the State Actuary's recommended changes, and
21 the fiscal impact of not following the State Actuary's
22 recommended changes on the required State contribution.

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

26 (b-1) Beginning in State fiscal year 1996, on the 15th day

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

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

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

26 (b-3) For State fiscal year 2014 and each fiscal year

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

10 In State fiscal year 2014, employers shall contribute 50%
11 of the total annual contribution for that year, and the State
12 shall contribute 50% of the total annual contribution for that
13 year. In State fiscal year 2015 and each fiscal year
14 thereafter, employers shall contribute the total annual
15 contribution or 101% of the previous year's employer
16 contribution, whichever is less, and the State shall contribute
17 the difference between the total annual contribution for that
18 year and the required employer contribution for that year.

19 For State fiscal years 2012 and 2013 ~~through 2045~~, the
20 minimum contribution to the System to be made by the State for
21 each fiscal year shall be an amount determined by the System to
22 be sufficient to bring the total assets of the System up to 90%
23 of the total actuarial liabilities of the System by the end of
24 State fiscal year 2045. In making these determinations, the
25 required State contribution shall be calculated each year as a
26 level percentage of payroll over the years remaining to and

1 including fiscal year 2045 and shall be determined under the
2 projected unit credit actuarial cost method.

3 For State fiscal years 1996 through 2005, the State
4 contribution to the System, as a percentage of the applicable
5 employee payroll, shall be increased in equal annual increments
6 so that by State fiscal year 2011, the State is contributing at
7 the rate required under this Section; except that in the
8 following specified State fiscal years, the State contribution
9 to the System shall not be less than the following indicated
10 percentages of the applicable employee payroll, even if the
11 indicated percentage will produce a State contribution in
12 excess of the amount otherwise required under this subsection
13 and subsection (a), and notwithstanding any contrary
14 certification made under subsection (a-1) before the effective
15 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
16 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
17 2003; and 13.56% in FY 2004.

18 Notwithstanding any other provision of this Article, the
19 total required State contribution for State fiscal year 2006 is
20 \$534,627,700.

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2007 is
23 \$738,014,500.

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

1 from the required State contribution for State fiscal year
2 2007, so that by State fiscal year 2011, the State is
3 contributing at the rate otherwise required under this Section.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2010 is
6 \$2,089,268,000 and shall be made from the proceeds of bonds
7 sold in fiscal year 2010 pursuant to Section 7.2 of the General
8 Obligation Bond Act, less (i) the pro rata share of bond sale
9 expenses determined by the System's share of total bond
10 proceeds, (ii) any amounts received from the Common School Fund
11 in fiscal year 2010, and (iii) any reduction in bond proceeds
12 due to the issuance of discounted bonds, if applicable.

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2011 is
15 the amount recertified by the System on or before April 1, 2011
16 pursuant to subsection (a-1) of this Section and shall be made
17 from the proceeds of bonds sold in fiscal year 2011 pursuant to
18 Section 7.2 of the General Obligation Bond Act, less (i) the
19 pro rata share of bond sale expenses determined by the System's
20 share of total bond proceeds, (ii) any amounts received from
21 the Common School Fund in fiscal year 2011, and (iii) any
22 reduction in bond proceeds due to the issuance of discounted
23 bonds, if applicable. This amount shall include, in addition to
24 the amount certified by the System, an amount necessary to meet
25 employer contributions required by the State as an employer
26 under paragraph (e) of this Section, which may also be used by

1 the System for contributions required by paragraph (a) of
2 Section 16-127.

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

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

19 Notwithstanding any other provision of this Section, the
20 required State contribution for State fiscal year 2005 and for
21 fiscal year 2008 and each fiscal year thereafter, as calculated
22 under this Section and certified under subsection (a-1), shall
23 not exceed an amount equal to (i) the amount of the required
24 State contribution that would have been calculated under this
25 Section for that fiscal year if the System had not received any
26 payments under subsection (d) of Section 7.2 of the General

1 Obligation Bond Act, minus (ii) the portion of the State's
2 total debt service payments for that fiscal year on the bonds
3 issued in fiscal year 2003 for the purposes of that Section
4 7.2, as determined and certified by the Comptroller, that is
5 the same as the System's portion of the total moneys
6 distributed under subsection (d) of Section 7.2 of the General
7 Obligation Bond Act. In determining this maximum for State
8 fiscal years 2008 through 2010, however, the amount referred to
9 in item (i) shall be increased, as a percentage of the
10 applicable employee payroll, in equal increments calculated
11 from the sum of the required State contribution for State
12 fiscal year 2007 plus the applicable portion of the State's
13 total debt service payments for fiscal year 2007 on the bonds
14 issued in fiscal year 2003 for the purposes of Section 7.2 of
15 the General Obligation Bond Act, so that, by State fiscal year
16 2011, the State is contributing at the rate otherwise required
17 under this Section.

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

23 If members are paid from special trust or federal funds
24 which are administered by the employing unit, whether school
25 district or other unit, the employing unit shall pay to the
26 System from such funds the full accruing retirement costs based

1 upon that service, as determined by the System. Employer
2 contributions, based on salary paid to members from federal
3 funds, may be forwarded by the distributing agency of the State
4 of Illinois to the System prior to allocation, in an amount
5 determined in accordance with guidelines established by such
6 agency and the System.

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

14 However, with respect to benefits granted under Section
15 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
16 of Section 16-106, the employer's contribution shall be 12%
17 (rather than 20%) of the member's highest annual salary rate
18 for each year of creditable service granted, and the employer
19 shall also pay the required employee contribution on behalf of
20 the teacher. For the purposes of Sections 16-133.4 and
21 16-133.5, a teacher as defined in paragraph (8) of Section
22 16-106 who is serving in that capacity while on leave of
23 absence from another employer under this Article shall not be
24 considered an employee of the employer from which the teacher
25 is on leave.

26 (e) Beginning July 1, 1998, every employer of a teacher

1 shall pay to the System an employer contribution computed as
2 follows:

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

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

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

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

17 Each employer of teachers is entitled to a credit against
18 the contributions required under this subsection (e) with
19 respect to salaries paid to teachers for the period January 1,
20 2002 through June 30, 2003, equal to the amount paid by that
21 employer under subsection (a-5) of Section 6.6 of the State
22 Employees Group Insurance Act of 1971 with respect to salaries
23 paid to teachers for that period.

24 The additional 1% employee contribution required under
25 Section 16-152 by this amendatory Act of 1998 is the
26 responsibility of the teacher and not the teacher's employer,

1 unless the employer agrees, through collective bargaining or
2 otherwise, to make the contribution on behalf of the teacher.

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

15 (f) If the amount of a teacher's salary for any school year
16 used to determine final average salary exceeds the member's
17 annual full-time salary rate with the same employer for the
18 previous school year by more than 6%, the teacher's employer
19 shall pay to the System, in addition to all other payments
20 required under this Section and in accordance with guidelines
21 established by the System, the present value of the increase in
22 benefits resulting from the portion of the increase in salary
23 that is in excess of 6%. This present value shall be computed
24 by the System on the basis of the actuarial assumptions and
25 tables used in the most recent actuarial valuation of the
26 System that is available at the time of the computation. If a

1 teacher's salary for the 2005-2006 school year is used to
2 determine final average salary under this subsection (f), then
3 the changes made to this subsection (f) by Public Act 94-1057
4 shall apply in calculating whether the increase in his or her
5 salary is in excess of 6%. For the purposes of this Section,
6 change in employment under Section 10-21.12 of the School Code
7 on or after June 1, 2005 shall constitute a change in employer.
8 The System may require the employer to provide any pertinent
9 information or documentation. The changes made to this
10 subsection (f) by this amendatory Act of the 94th General
11 Assembly apply without regard to whether the teacher was in
12 service on or after its effective date.

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

1 the amount due.

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

11 (g) This subsection (g) applies only to payments made or
12 salary increases given on or after June 1, 2005 but before July
13 1, 2011. The changes made by Public Act 94-1057 shall not
14 require the System to refund any payments received before July
15 31, 2006 (the effective date of Public Act 94-1057).

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

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

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude salary increases resulting from
26 overload work, including summer school, when the school

1 district has certified to the System, and the System has
2 approved the certification, that (i) the overload work is for
3 the sole purpose of classroom instruction in excess of the
4 standard number of classes for a full-time teacher in a school
5 district during a school year and (ii) the salary increases are
6 equal to or less than the rate of pay for classroom instruction
7 computed on the teacher's current salary and work schedule.

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

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

1 average salary.

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

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

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

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

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

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

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

5 As of June 30, 2008, the actuarial value of the System's
6 assets shall be equal to the market value of the assets as of
7 that date. In determining the actuarial value of the System's
8 assets for fiscal years after June 30, 2008, any actuarial
9 gains or losses from investment return incurred in a fiscal
10 year shall be recognized in equal annual amounts over the
11 5-year period following that fiscal year.

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

16 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
17 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
18 6-18-12; 97-813, eff. 7-13-12.)

19 (40 ILCS 5/18-110) (from Ch. 108 1/2, par. 18-110)

20 Sec. 18-110. Participant. "Participant": Any judge
21 participating in this system as specified in Sections 18-120
22 and 18-121.

23 Notwithstanding any other provision of this Code, on and
24 after the effective date of this amendatory Act of the 97th
25 General Assembly, a person may not become a participant of the

1 retirement system created under this Article.

2 (Source: P.A. 83-1440.)

3 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

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

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

16 (c) For State fiscal year 2014 and each fiscal year
17 thereafter, the minimum contribution to the System to be made
18 by the State for each fiscal year shall be 10.2% of the
19 applicable employee payroll.

20 For State fiscal years 2012 and 2013 ~~through 2045~~, the
21 minimum contribution to the System to be made by the State for
22 each fiscal year shall be an amount determined by the System to
23 be sufficient to bring the total assets of the System up to 90%
24 of the total actuarial liabilities of the System by the end of
25 State fiscal year 2045. In making these determinations, the

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

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

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

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

16 For each of State fiscal years 2008 through 2009, the State
17 contribution to the System, as a percentage of the applicable
18 employee payroll, shall be increased in equal annual increments
19 from the required State contribution for State fiscal year
20 2007, so that by State fiscal year 2011, the State is
21 contributing at the rate otherwise required under this Section.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2010 is
24 \$78,832,000 and shall be made from the proceeds of bonds sold
25 in fiscal year 2010 pursuant to Section 7.2 of the General
26 Obligation Bond Act, less (i) the pro rata share of bond sale

1 expenses determined by the System's share of total bond
2 proceeds, (ii) any amounts received from the General Revenue
3 Fund in fiscal year 2010, and (iii) any reduction in bond
4 proceeds due to the issuance of discounted bonds, if
5 applicable.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2011 is
8 the amount recertified by the System on or before April 1, 2011
9 pursuant to Section 18-140 and shall be made from the proceeds
10 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
11 the General Obligation Bond Act, less (i) the pro rata share of
12 bond sale expenses determined by the System's share of total
13 bond proceeds, (ii) any amounts received from the General
14 Revenue Fund in fiscal year 2011, and (iii) any reduction in
15 bond proceeds due to the issuance of discounted bonds, if
16 applicable.

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

21 Amounts received by the System pursuant to Section 25 of
22 the Budget Stabilization Act or Section 8.12 of the State
23 Finance Act in any fiscal year do not reduce and do not
24 constitute payment of any portion of the minimum State
25 contribution required under this Article in that fiscal year.
26 Such amounts shall not reduce, and shall not be included in the

1 calculation of, the required State contributions under this
2 Article in any future year until the System has reached a
3 funding ratio of at least 90%. A reference in this Article to
4 the "required State contribution" or any substantially similar
5 term does not include or apply to any amounts payable to the
6 System under Section 25 of the Budget Stabilization Act.

7 Notwithstanding any other provision of this Section, the
8 required State contribution for State fiscal year 2005 and for
9 fiscal year 2008 and each fiscal year thereafter, as calculated
10 under this Section and certified under Section 18-140, shall
11 not exceed an amount equal to (i) the amount of the required
12 State contribution that would have been calculated under this
13 Section for that fiscal year if the System had not received any
14 payments under subsection (d) of Section 7.2 of the General
15 Obligation Bond Act, minus (ii) the portion of the State's
16 total debt service payments for that fiscal year on the bonds
17 issued in fiscal year 2003 for the purposes of that Section
18 7.2, as determined and certified by the Comptroller, that is
19 the same as the System's portion of the total moneys
20 distributed under subsection (d) of Section 7.2 of the General
21 Obligation Bond Act. In determining this maximum for State
22 fiscal years 2008 through 2010, however, the amount referred to
23 in item (i) shall be increased, as a percentage of the
24 applicable employee payroll, in equal increments calculated
25 from the sum of the required State contribution for State
26 fiscal year 2007 plus the applicable portion of the State's

1 total debt service payments for fiscal year 2007 on the bonds
2 issued in fiscal year 2003 for the purposes of Section 7.2 of
3 the General Obligation Bond Act, so that, by State fiscal year
4 2011, the State is contributing at the rate otherwise required
5 under this Section.

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

10 As of June 30, 2008, the actuarial value of the System's
11 assets shall be equal to the market value of the assets as of
12 that date. In determining the actuarial value of the System's
13 assets for fiscal years after June 30, 2008, any actuarial
14 gains or losses from investment return incurred in a fiscal
15 year shall be recognized in equal annual amounts over the
16 5-year period following that fiscal year.

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

21 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
22 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
23 7-13-12.)

24 Section 15. The State Pension Funds Continuing
25 Appropriation Act is amended by changing Sections 1.3 and 1.4

1 as follows:

2 (40 ILCS 15/1.3)

3 Sec. 1.3. Appropriations for the Teacher Health Insurance
4 Security Fund. Beginning in State fiscal year 1996 and ending
5 with the close of State fiscal year 2013, there is hereby
6 appropriated, on a continuing annual basis, from the General
7 Revenue Fund to the State Comptroller for deposit into the
8 Teacher Health Insurance Security Fund, an amount equal to the
9 amount certified by the Board of Trustees of the Teachers'
10 Retirement System of Illinois under subsection (c) of Section
11 6.6 of the State Employees Group Insurance Act of 1971 as the
12 estimated total amount of contributions to be paid under
13 subsection (a) of that Section 6.6 in that fiscal year.

14 In addition to any other amounts that may be appropriated
15 for this purpose, in State fiscal years 2005 through 2007,
16 there is hereby appropriated, on a continuing annual basis,
17 from the General Revenue Fund to the State Comptroller for
18 deposit into the Teacher Health Insurance Security Fund, an
19 amount equal to \$13,000,000 in each fiscal year.

20 The moneys appropriated under this Section 1.3 shall be
21 deposited into the Teacher Health Insurance Security Fund and
22 used only for the purposes authorized in Section 6.5 of the
23 State Employees Group Insurance Act of 1971.

24 (Source: P.A. 93-679, eff. 6-30-04.)

1 (40 ILCS 15/1.4)

2 Sec. 1.4. Appropriations for the Community College Health
3 Insurance Security Fund. Beginning in State fiscal year 1999
4 and ending with the close of State fiscal year 2013, there is
5 hereby appropriated, on a continuing annual basis, from the
6 General Revenue Fund to the State Comptroller for deposit into
7 the Community College Health Insurance Security Fund, an amount
8 equal to the amount certified by the Board of Trustees of the
9 State Universities Retirement System under subsection (c) of
10 Section 6.10 of the State Employees Group Insurance Act of 1971
11 as the estimated total amount of contributions to be paid under
12 subsection (a) of that Section 6.10 in that fiscal year. The
13 moneys appropriated under this Section 1.4 shall be deposited
14 into the Community College Health Insurance Security Fund and
15 used only for the purposes authorized in Section 6.9 of the
16 State Employees Group Insurance Act of 1971.

17 (Source: P.A. 90-497, eff. 8-18-97.)

18 Section 90. The State Mandates Act is amended by adding
19 Section 8.36 as follows:

20 (30 ILCS 805/8.36 new)

21 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8
22 of this Act, no reimbursement by the State is required for the
23 implementation of any mandate created by this amendatory Act of
24 the 97th General Assembly.

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.

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Statutes amended in order of appearance

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5 ILCS 375/3 from Ch. 127, par. 523

4

5 ILCS 375/6.6

5

5 ILCS 375/6.10

6

5 ILCS 375/6.10A new

7

5 ILCS 375/6.10B new

8

40 ILCS 5/1-167 new

9

40 ILCS 5/1-168 new

10

40 ILCS 5/2-105 from Ch. 108 1/2, par. 2-105

11

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

12

40 ILCS 5/14-103.06 from Ch. 108 1/2, par. 14-103.06

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40 ILCS 5/14-131

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40 ILCS 5/15-134 from Ch. 108 1/2, par. 15-134

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

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40 ILCS 5/16-107 from Ch. 108 1/2, par. 16-107

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

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40 ILCS 5/18-110 from Ch. 108 1/2, par. 18-110

19

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

20

40 ILCS 15/1.3

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40 ILCS 15/1.4

22

30 ILCS 805/8.36 new