



Rep. Jay Hoffman

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1 AMENDMENT TO HOUSE BILL 1165

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 1165, AS AMENDED, by  
3 replacing everything after the enacting clause with the  
4 following:

5 "Section 5. The Budget Stabilization Act is amended by  
6 changing Sections 20 and 25 as follows:

7 (30 ILCS 122/20)

8 Sec. 20. Pension Stabilization Fund.

9 (a) The Pension Stabilization Fund is hereby created as a  
10 special fund in the State treasury. Moneys in the fund shall be  
11 used for the sole purpose of making payments to the designated  
12 retirement systems as provided in Section 25.

13 (b) For each fiscal year when the General Assembly's  
14 appropriations and transfers or diversions as required by law  
15 from general funds do not exceed 99% of the estimated general  
16 funds revenues pursuant to subsection (a) of Section 10, the

1 Comptroller shall transfer from the General Revenue Fund as  
2 provided by this Section a total amount equal to 0.5% of the  
3 estimated general funds revenues to the Pension Stabilization  
4 Fund.

5 (c) For each fiscal year through Fiscal Year 2013 when the  
6 General Assembly's appropriations and transfers or diversions  
7 as required by law from general funds do not exceed 98% of the  
8 estimated general funds revenues pursuant to subsection (b) of  
9 Section 10, the Comptroller shall transfer from the General  
10 Revenue Fund as provided by this Section a total amount equal  
11 to 1.0% of the estimated general funds revenues to the Pension  
12 Stabilization Fund.

13 (c-5) In Fiscal Year 2016 and each fiscal year thereafter,  
14 the State Comptroller shall order transferred and the State  
15 Treasurer shall transfer the following amounts from the General  
16 Revenue Fund to the Pension Stabilization Fund:

17 in Fiscal Year 2016, \$441,429,372;

18 in Fiscal Year 2017, \$150,545,372;

19 in Fiscal Year 2018, \$179,267,872;

20 in Fiscal Year 2019, \$211,777,872;

21 in Fiscal Year 2020, \$1,123,333,372;

22 in Fiscal Year 2021, \$1,084,470,872;

23 in Fiscal Year 2022, \$1,048,083,372;

24 in Fiscal Year 2023, \$1,014,170,872;

25 in Fiscal Year 2024, \$957,733,372;

26 in Fiscal Year 2025, \$905,683,372;

1       in Fiscal Year 2026, \$882,458,372;  
2       in Fiscal Year 2027, \$861,783,372;  
3       in Fiscal Year 2028, \$818,658,372;  
4       in Fiscal Year 2029, \$779,358,372;  
5       in Fiscal Year 2030, \$718,883,372;  
6       in Fiscal Year 2031, \$663,508,372;  
7       in Fiscal Year 2032, \$638,233,372;  
8       in Fiscal Year 2033, \$641,783,372;  
9       in Fiscal Year 2034, \$1,797,883,372;  
10       in Fiscal Year 2035, \$1,797,883,372;  
11       in Fiscal Year 2036, \$1,797,883,372;  
12       in Fiscal Year 2037, \$1,797,883,372;  
13       in Fiscal Year 2038, \$1,797,883,372;  
14       in Fiscal Year 2039, \$1,797,883,372;  
15       in Fiscal Year 2040, \$1,797,883,372;  
16       in Fiscal Year 2041, \$1,797,883,372;  
17       in Fiscal Year 2042, \$1,797,883,372;  
18       in Fiscal Year 2043, \$1,797,883,372;  
19       in Fiscal Year 2044, \$1,797,883,372; and  
20       in Fiscal Year 2045, \$1,797,883,372.

21       (c-10) The transfers made pursuant to subsection (c-5) of  
22       this Section shall continue until Fiscal Year 2045 or until  
23       each of the designated retirement systems, as defined in  
24       Section 25, has achieved a funding ratio of at least 100%,  
25       whichever occurs first.

26       (d) The Comptroller shall transfer 1/12 of the total amount

1 to be transferred each fiscal year under this Section into the  
2 Pension Stabilization Fund on the first day of each month of  
3 that fiscal year or as soon thereafter as possible; except that  
4 the final transfer of the fiscal year shall be made as soon as  
5 practical after the August 31 following the end of the fiscal  
6 year.

7 Until Fiscal Year 2014, before ~~Before~~ the final transfer  
8 for a fiscal year is made, the Comptroller shall reconcile the  
9 estimated general funds revenues used in calculating the other  
10 transfers under this Section for that fiscal year with the  
11 actual general funds revenues for that fiscal year. The final  
12 transfer for the fiscal year shall be adjusted so that the  
13 total amount transferred under this Section for that fiscal  
14 year is equal to the percentage specified in subsection (b) or  
15 (c) of this Section, whichever is applicable, of the actual  
16 general funds revenues for that fiscal year. The actual general  
17 funds revenues for the fiscal year shall be calculated in a  
18 manner consistent with subsection (c) of Section 10 of this  
19 Act.

20 (Source: P.A. 94-839, eff. 6-6-06.)

21 (30 ILCS 122/25)

22 Sec. 25. Transfers from the Pension Stabilization Fund.

23 (a) As used in this Section, "designated retirement  
24 systems" means:

25 (1) the State Employees' Retirement System of

1 Illinois;

2 (2) the Teachers' Retirement System of the State of  
3 Illinois;

4 (3) the State Universities Retirement System;

5 (4) the Judges Retirement System of Illinois; and

6 (5) the General Assembly Retirement System.

7 (b) As soon as may be practical after any money is  
8 deposited into the Pension Stabilization Fund, the State  
9 Comptroller shall apportion the deposited amount among the  
10 designated retirement systems and the State Comptroller and  
11 State Treasurer shall pay the apportioned amounts to the  
12 designated retirement systems. The amount deposited shall be  
13 apportioned among the designated retirement systems in  
14 proportion to their respective certified State contributions  
15 for the State fiscal year in which the payment is made to those  
16 systems ~~in the same proportion as their respective portions of~~  
17 ~~the total actuarial reserve deficiency of the designated~~  
18 ~~retirement systems, as most recently determined by the~~  
19 ~~Governor's Office of Management and Budget.~~ Amounts received by  
20 a designated retirement system under this Section shall be used  
21 for funding the unfunded liabilities of the retirement system.  
22 Payments under this Section are authorized by the continuing  
23 appropriation under Section 1.7 of the State Pension Funds  
24 Continuing Appropriation Act.

25 (c) At the request of the State Comptroller, the Governor's  
26 Office of Management and Budget shall determine the individual

1 and total actuarial reserve deficiencies of the designated  
2 retirement systems. For this purpose, the Governor's Office of  
3 Management and Budget shall consider the latest available audit  
4 and actuarial reports of each of the retirement systems and the  
5 relevant reports and statistics of the Public Pension Division  
6 of the Department of Financial and Professional Regulation.

7 (d) Payments to the designated retirement systems under  
8 this Section shall be in addition to, and not in lieu of, any  
9 State contributions required under Section 2-124, 14-131,  
10 15-155, 16-158, or 18-131 of the Illinois Pension Code.

11 (Source: P.A. 94-839, eff. 6-6-06.)

12 Section 15. The Illinois Pension Code is amended by adding  
13 Sections 2-105.1, 2-105.2, 14-103.40, 14-103.41, 15-107.1,  
14 15-107.2, 16-106.4, 16-106.5, and 16-158.2 and changing  
15 Sections 1-103.3, 2-124, 2-125, 2-126, 14-131, 14-132, 14-133,  
16 15-136, 15-155, 15-156, 15-157, 16-133, 16-152, and 16-158 as  
17 follows:

18 (40 ILCS 5/1-103.3)

19 Sec. 1-103.3. Application of 1994 amendment; funding  
20 standard.

21 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~  
22 ~~of 1994~~ that change the method of calculating, certifying, and  
23 paying the required State contributions to the retirement  
24 systems established under Articles 2, 14, 15, 16, and 18 shall

1 first apply to the State contributions required for State  
2 fiscal year 1996.

3 (b) (Blank) ~~The General Assembly declares that a funding~~  
4 ~~ratio (the ratio of a retirement system's total assets to its~~  
5 ~~total actuarial liabilities) of 90% is an appropriate goal for~~  
6 ~~State funded retirement systems in Illinois, and it finds that~~  
7 ~~a funding ratio of 90% is now the generally recognized norm~~  
8 ~~throughout the nation for public employee retirement systems~~  
9 ~~that are considered to be financially secure and funded in an~~  
10 ~~appropriate and responsible manner.~~

11 (c) Every 5 years, beginning in 1999, the Commission on  
12 Government Forecasting and Accountability, in consultation  
13 with the affected retirement systems and the Governor's Office  
14 of Management and Budget (formerly Bureau of the Budget), shall  
15 consider and determine whether the funding goals ~~90% funding~~  
16 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code  
17 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate  
18 funding goals ~~goal~~ for those ~~State funded~~ retirement systems ~~in~~  
19 ~~Illinois~~, and it shall report its findings and recommendations  
20 on this subject to the Governor and the General Assembly.

21 (Source: P.A. 93-1067, eff. 1-15-05.)

22 (40 ILCS 5/2-105.1 new)

23 Sec. 2-105.1. Tier I participant."Tier I participant": A  
24 participant who first became a participant before January 1,  
25 2011 and who is not a Tier I retiree.

1 (40 ILCS 5/2-105.2 new)

2 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a  
3 former Tier I participant who is receiving a retirement  
4 annuity.

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

6 Sec. 2-124. Contributions by State.

7 (a) The State shall make contributions to the System by  
8 appropriations of amounts which, together with the  
9 contributions of participants, interest earned on investments,  
10 and other income will meet the cost of maintaining and  
11 administering the System on a 100% ~~90%~~ funded basis in  
12 accordance with actuarial recommendations.

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

18 (c) For State fiscal years 2015 through 2045, the minimum  
19 contribution to the System to be made by the State for each  
20 fiscal year shall be an amount determined by the System to be  
21 sufficient to bring the total assets of the System up to 100%  
22 of the total actuarial liabilities of the System by the end of  
23 State fiscal year 2045. In making these determinations, the  
24 required State contribution shall be calculated each year as a



1 level percentage of payroll over the years remaining to and  
2 including fiscal year 2045 and shall be determined under the  
3 projected unit credit actuarial cost method.

4 For State fiscal years 2012 through ~~2014~~ 2045, the minimum  
5 contribution to the System to be made by the State for each  
6 fiscal year shall be an amount determined by the System to be  
7 sufficient to bring the total assets of the System up to 90% of  
8 the total actuarial liabilities of the System by the end of  
9 State fiscal year 2045. In making these determinations, the  
10 required State contribution shall be calculated each year as a  
11 level percentage of payroll over the years remaining to and  
12 including fiscal year 2045 and shall be determined under the  
13 projected unit credit actuarial cost method.

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

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

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

25 For each of State fiscal years 2008 through 2009, the State  
26 contribution to the System, as a percentage of the applicable

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

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

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

26 Beginning in State fiscal year 2046, the minimum State

1 contribution for each fiscal year shall be the amount needed to  
2 maintain the total assets of the System at 100% ~~90%~~ of the  
3 total actuarial liabilities of the System.

4 Amounts received by the System pursuant to Section 25 of  
5 the Budget Stabilization Act or Section 8.12 of the State  
6 Finance Act in any fiscal year do not reduce and do not  
7 constitute payment of any portion of the minimum State  
8 contribution required under this Article in that fiscal year.  
9 Such amounts shall not reduce, and shall not be included in the  
10 calculation of, the required State contributions under this  
11 Article in any future year until the System has reached a  
12 funding ratio of at least 80% ~~90%~~. A reference in this Article  
13 to the "required State contribution" or any substantially  
14 similar term does not include or apply to any amounts payable  
15 to the System under Section 25 of the Budget Stabilization Act.

16 Notwithstanding any other provision of this Code or the  
17 Budget Stabilization Act, amounts transferred to the System  
18 pursuant to the Budget Stabilization Act after the effective  
19 date of this amendatory Act of the 98th General Assembly do not  
20 reduce and do not constitute payment of any portion of the  
21 required State contribution under this Article in that fiscal  
22 year. Such amounts shall not reduce, and shall not be included  
23 in the calculation of, the required State contributions under  
24 this Article in any future year until the System has received  
25 payment of contributions pursuant to the Budget Stabilization  
26 Act.

1           Notwithstanding any other provision of this Section, the  
2           required State contribution for State fiscal year 2005 and for  
3           fiscal year 2008 and each fiscal year thereafter through State  
4           fiscal year 2014, as calculated under this Section and  
5           certified under Section 2-134, shall not exceed an amount equal  
6           to (i) the amount of the required State contribution that would  
7           have been calculated under this Section for that fiscal year if  
8           the System had not received any payments under subsection (d)  
9           of Section 7.2 of the General Obligation Bond Act, minus (ii)  
10          the portion of the State's total debt service payments for that  
11          fiscal year on the bonds issued in fiscal year 2003 for the  
12          purposes of that Section 7.2, as determined and certified by  
13          the Comptroller, that is the same as the System's portion of  
14          the total moneys distributed under subsection (d) of Section  
15          7.2 of the General Obligation Bond Act. In determining this  
16          maximum for State fiscal years 2008 through 2010, however, the  
17          amount referred to in item (i) shall be increased, as a  
18          percentage of the applicable employee payroll, in equal  
19          increments calculated from the sum of the required State  
20          contribution for State fiscal year 2007 plus the applicable  
21          portion of the State's total debt service payments for fiscal  
22          year 2007 on the bonds issued in fiscal year 2003 for the  
23          purposes of Section 7.2 of the General Obligation Bond Act, so  
24          that, by State fiscal year 2011, the State is contributing at  
25          the rate otherwise required under this Section.

26           (d) For purposes of determining the required State

1 contribution to the System, the value of the System's assets  
2 shall be equal to the actuarial value of the System's assets,  
3 which shall be calculated as follows:

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

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

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

18 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

19 Sec. 2-125. Obligations of State; funding guarantee.

20 (a) The payment of (1) the required State contributions,  
21 (2) all benefits granted under this system and (3) all expenses  
22 of administration and operation are obligations of the State to  
23 the extent specified in this Article.

24 (b) All income, interest and dividends derived from  
25 deposits and investments shall be credited to the account of

1 the system in the State Treasury and used to pay benefits under  
2 this Article.

3 (c) Pursuant to Article XIII, Section 5 of the 1970  
4 Constitution of the State of Illinois, beginning on July 1,  
5 2013, the State shall, as a retirement benefit to each  
6 participant and annuitant of the System be contractually  
7 obligated to the System (as a fiduciary and trustee of the  
8 participants and annuitants) to pay the annual required State  
9 contribution, as determined by the Board of the System using  
10 generally accepted actuarial principles, as is necessary to  
11 bring the total assets of the System up to 100% of the total  
12 actuarial liabilities of the System by the end of State fiscal  
13 year 2045. As a further retirement benefit and contractual  
14 obligation, each fiscal year, the State shall pay to each  
15 designated retirement system the annual required State  
16 contribution certified by the Board for that fiscal year.  
17 Payments of the annual required State contribution for each  
18 fiscal year shall be made in equal monthly installments.  
19 Additionally, beginning in fiscal year 2014, State transfers to  
20 the Pension Stabilization Fund pursuant to Section 20 of the  
21 Budget Stabilization Act and payments to the System pursuant to  
22 Section 25 of the Budget Stabilization Act shall be further  
23 retirement benefits and contractual obligations. The transfers  
24 and payments prescribed in Sections 20 and 25 of the Budget  
25 Stabilization Act shall not be used by the retirement system  
26 when calculation any pension payment until the System has

1 reached a funded level of 100%. This Section and the security  
2 it provides to participants and annuitants is intended to be,  
3 and is, a contractual right that is part of the pension  
4 benefits provided to the participants and annuitants.  
5 Notwithstanding anything to the contrary in the Court of Claims  
6 Act or any other law, a designated retirement system has the  
7 exclusive right to and shall bring a mandamus action in the  
8 Circuit Court of Sangamon County against the State to compel  
9 the State to make any installment of the annual required State  
10 contribution required by this Section, irrespective of other  
11 remedies that may be available to the System. Each member or  
12 annuitant of the System has the right to in any judicial  
13 district in which the System maintains an office if the System  
14 fails to bring an action specified in this Section,  
15 irrespective of other remedies that may be available to the  
16 member or annuitant. In making these determinations, the  
17 required State contribution shall be calculated each year as a  
18 level percentage of payroll over the years remaining to and  
19 including fiscal year 2045 and shall be determined under the  
20 projected unit credit actuarial cost method.

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

22 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

23 Sec. 2-126. Contributions by participants.

24 (a) Each participant shall contribute toward the cost of  
25 his or her retirement annuity a percentage of each payment of

1 salary received by him or her for service as a member as  
2 follows: for service between October 31, 1947 and January 1,  
3 1959, 5%; for service between January 1, 1959 and June 30,  
4 1969, 6%; for service between July 1, 1969 and January 10,  
5 1973, 6 1/2%; for service after January 10, 1973, 7%; for  
6 service after December 31, 1981, 8 1/2%.

7 (a-5) In addition to the contributions otherwise required  
8 under this Article, each Tier I participant shall also make the  
9 following contributions toward the cost of his or her  
10 retirement annuity from each payment of salary received by him  
11 or her for service as a member:

12 (1) beginning July 1, 2013 and through June 30, 2014,  
13 1% of salary; and

14 (2) beginning on July 1, 2014, 2% of salary.

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

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



1 to the date of payment.

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

7 (d) In addition, each participant serving as an officer of  
8 the General Assembly shall contribute, for the same purposes  
9 and at the same rates as are required of a regular participant,  
10 on each additional payment received as an officer. If the  
11 participant serves as an officer for at least 2 but less than 4  
12 years, he or she shall contribute an amount equal to the amount  
13 that would have been contributed had the participant served as  
14 an officer for 4 years. Persons who serve as officers in the  
15 87th General Assembly but cannot receive the additional payment  
16 to officers because of the ban on increases in salary during  
17 their terms may nonetheless make contributions based on those  
18 additional payments for the purpose of having the additional  
19 payments included in their highest salary for annuity purposes;  
20 however, persons electing to make these additional  
21 contributions must also pay an amount representing the  
22 corresponding employer contributions, as calculated by the  
23 System.

24 (e) Notwithstanding any other provision of this Article,  
25 the required contribution of a participant who first becomes a  
26 participant on or after January 1, 2011 shall not exceed the

1 contribution that would be due under this Article if that  
2 participant's highest salary for annuity purposes were  
3 \$106,800, plus any increases in that amount under Section  
4 2-108.1.

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

6 (40 ILCS 5/14-103.40 new)

7 Sec. 14-103.40. Tier I member. "Tier I member": A member of  
8 this System who first became a member or participant before  
9 January 1, 2011 under any reciprocal retirement system or  
10 pension fund established under this Code other than a  
11 retirement system or pension fund established under Article 2,  
12 3, 4, 5, 6, or 18 of this Code and who is not a Tier I retiree.

13 (40 ILCS 5/14-103.41 new)

14 Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former  
15 Tier I member who is receiving a retirement annuity.

16 (40 ILCS 5/14-131)

17 Sec. 14-131. Contributions by State.

18 (a) The State shall make contributions to the System by  
19 appropriations of amounts which, together with other employer  
20 contributions from trust, federal, and other funds, employee  
21 contributions, investment income, and other income, will be  
22 sufficient to meet the cost of maintaining and administering  
23 the System on a 100% ~~90%~~ funded basis in accordance with

1 actuarial recommendations.

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

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

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

22 For the purposes of this Section and Section 14.1 of the  
23 State Finance Act, the term "eligible employees" includes  
24 employees who participate in the System, persons who may elect  
25 to participate in the System but have not so elected, persons  
26 who are serving a qualifying period that is required for

1 participation, and annuitants employed by a department as  
2 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

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

24 (c-2) For State fiscal years 2010, 2012, and 2013 only, on  
25 or as soon as possible after the 15th day of each month, the  
26 Board shall submit vouchers for payment of State contributions

1 to the System, in a total monthly amount of one-twelfth of the  
2 fiscal year General Revenue Fund contribution as certified by  
3 the System pursuant to Section 14-135.08 of the Illinois  
4 Pension Code.

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

19 (e) For State fiscal years 2015 through 2045, the minimum  
20 contribution to the System to be made by the State for each  
21 fiscal year shall be an amount determined by the System to be  
22 sufficient to bring the total assets of the System up to 100%  
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 2012 through 2014 ~~2045~~, the minimum  
4 contribution to the System to be made by the State for each  
5 fiscal year shall be an amount determined by the System to be  
6 sufficient to bring the total assets of the System up to 90% of  
7 the total actuarial liabilities of the System by the end of  
8 State fiscal year 2045. In making these determinations, the  
9 required State contribution shall be calculated each year as a  
10 level percentage of payroll over the years remaining to and  
11 including fiscal year 2045 and shall be determined under the  
12 projected unit credit actuarial cost method.

13 For State fiscal years 1996 through 2005, the State  
14 contribution to the System, as a percentage of the applicable  
15 employee payroll, shall be increased in equal annual increments  
16 so that by State fiscal year 2011, the State is contributing at  
17 the rate required under this Section; except that (i) for State  
18 fiscal year 1998, for all purposes of this Code and any other  
19 law of this State, the certified percentage of the applicable  
20 employee payroll shall be 5.052% for employees earning eligible  
21 creditable service under Section 14-110 and 6.500% for all  
22 other employees, notwithstanding any contrary certification  
23 made under Section 14-135.08 before the effective date of this  
24 amendatory Act of 1997, and (ii) in the following specified  
25 State fiscal years, the State contribution to the System shall  
26 not be less than the following indicated percentages of the

1 applicable employee payroll, even if the indicated percentage  
2 will produce a State contribution in excess of the amount  
3 otherwise required under this subsection and subsection (a):  
4 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY  
5 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

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

1 bonds, if applicable.

2 Notwithstanding any other provision of this Article, the  
3 total required State General Revenue Fund contribution for  
4 State fiscal year 2011 is the amount recertified by the System  
5 on or before April 1, 2011 pursuant to Section 14-135.08 and  
6 shall be made from the proceeds of bonds sold in fiscal year  
7 2011 pursuant to Section 7.2 of the General Obligation Bond  
8 Act, less (i) the pro rata share of bond sale expenses  
9 determined by the System's share of total bond proceeds, (ii)  
10 any amounts received from the General Revenue Fund in fiscal  
11 year 2011, and (iii) any reduction in bond proceeds due to the  
12 issuance of discounted bonds, if applicable.

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

17 Amounts received by the System pursuant to Section 25 of  
18 the Budget Stabilization Act or Section 8.12 of the State  
19 Finance Act in any fiscal year do not reduce and do not  
20 constitute payment of any portion of the minimum State  
21 contribution required under this Article in that fiscal year.  
22 Such amounts shall not reduce, and shall not be included in the  
23 calculation of, the required State contributions under this  
24 Article in any future year until the System has reached a  
25 funding ratio of at least 100% ~~90%~~. A reference in this Article  
26 to the "required State contribution" or any substantially



1 similar term does not include or apply to any amounts payable  
2 to the System under Section 25 of the Budget Stabilization Act.

3 Notwithstanding any other provision of this Code or the  
4 Budget Stabilization Act, amounts transferred to the System  
5 pursuant to the Budget Stabilization Act after the effective  
6 date of this amendatory Act of the 98th General Assembly do not  
7 reduce and do not constitute payment of any portion of the  
8 required State contribution under this Article in that fiscal  
9 year. Such amounts shall not reduce, and shall not be included  
10 in the calculation of, the required State contributions under  
11 this Article in any future year until the System has received  
12 payment of contributions pursuant to the Budget Stabilization  
13 Act.

14 Notwithstanding any other provision of this Section, the  
15 required State contribution for State fiscal year 2005 and for  
16 fiscal year 2008 and each fiscal year thereafter through State  
17 fiscal year 2014, as calculated under this Section and  
18 certified under Section 14-135.08, shall not exceed an amount  
19 equal to (i) the amount of the required State contribution that  
20 would have been calculated under this Section for that fiscal  
21 year if the System had not received any payments under  
22 subsection (d) of Section 7.2 of the General Obligation Bond  
23 Act, minus (ii) the portion of the State's total debt service  
24 payments for that fiscal year on the bonds issued in fiscal  
25 year 2003 for the purposes of that Section 7.2, as determined  
26 and certified by the Comptroller, that is the same as the

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

13 (f) After the submission of all payments for eligible  
14 employees from personal services line items in fiscal year 2004  
15 have been made, the Comptroller shall provide to the System a  
16 certification of the sum of all fiscal year 2004 expenditures  
17 for personal services that would have been covered by payments  
18 to the System under this Section if the provisions of this  
19 amendatory Act of the 93rd General Assembly had not been  
20 enacted. Upon receipt of the certification, the System shall  
21 determine the amount due to the System based on the full rate  
22 certified by the Board under Section 14-135.08 for fiscal year  
23 2004 in order to meet the State's obligation under this  
24 Section. The System shall compare this amount due to the amount  
25 received by the System in fiscal year 2004 through payments  
26 under this Section and under Section 6z-61 of the State Finance

1 Act. If the amount due is more than the amount received, the  
2 difference shall be termed the "Fiscal Year 2004 Shortfall" for  
3 purposes of this Section, and the Fiscal Year 2004 Shortfall  
4 shall be satisfied under Section 1.2 of the State Pension Funds  
5 Continuing Appropriation Act. If the amount due is less than  
6 the amount received, the difference shall be termed the "Fiscal  
7 Year 2004 Overpayment" for purposes of this Section, and the  
8 Fiscal Year 2004 Overpayment shall be repaid by the System to  
9 the Pension Contribution Fund as soon as practicable after the  
10 certification.

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

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

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

26 (i) After the submission of all payments for eligible

1 employees from personal services line items paid from the  
2 General Revenue Fund in fiscal year 2010 have been made, the  
3 Comptroller shall provide to the System a certification of the  
4 sum of all fiscal year 2010 expenditures for personal services  
5 that would have been covered by payments to the System under  
6 this Section if the provisions of this amendatory Act of the  
7 96th General Assembly had not been enacted. Upon receipt of the  
8 certification, the System shall determine the amount due to the  
9 System based on the full rate certified by the Board under  
10 Section 14-135.08 for fiscal year 2010 in order to meet the  
11 State's obligation under this Section. The System shall compare  
12 this amount due to the amount received by the System in fiscal  
13 year 2010 through payments under this Section. If the amount  
14 due is more than the amount received, the difference shall be  
15 termed the "Fiscal Year 2010 Shortfall" for purposes of this  
16 Section, and the Fiscal Year 2010 Shortfall shall be satisfied  
17 under Section 1.2 of the State Pension Funds Continuing  
18 Appropriation Act. If the amount due is less than the amount  
19 received, the difference shall be termed the "Fiscal Year 2010  
20 Overpayment" for purposes of this Section, and the Fiscal Year  
21 2010 Overpayment shall be repaid by the System to the General  
22 Revenue Fund as soon as practicable after the certification.

23 (j) After the submission of all payments for eligible  
24 employees from personal services line items paid from the  
25 General Revenue Fund in fiscal year 2011 have been made, the  
26 Comptroller shall provide to the System a certification of the

1 sum of all fiscal year 2011 expenditures for personal services  
2 that would have been covered by payments to the System under  
3 this Section if the provisions of this amendatory Act of the  
4 96th General Assembly had not been enacted. Upon receipt of the  
5 certification, the System shall determine the amount due to the  
6 System based on the full rate certified by the Board under  
7 Section 14-135.08 for fiscal year 2011 in order to meet the  
8 State's obligation under this Section. The System shall compare  
9 this amount due to the amount received by the System in fiscal  
10 year 2011 through payments under this Section. If the amount  
11 due is more than the amount received, the difference shall be  
12 termed the "Fiscal Year 2011 Shortfall" for purposes of this  
13 Section, and the Fiscal Year 2011 Shortfall shall be satisfied  
14 under Section 1.2 of the State Pension Funds Continuing  
15 Appropriation Act. If the amount due is less than the amount  
16 received, the difference shall be termed the "Fiscal Year 2011  
17 Overpayment" for purposes of this Section, and the Fiscal Year  
18 2011 Overpayment shall be repaid by the System to the General  
19 Revenue Fund as soon as practicable after the certification.

20 (k) For fiscal years 2012 and 2013 only, after the  
21 submission of all payments for eligible employees from personal  
22 services line items paid from the General Revenue Fund in the  
23 fiscal year have been made, the Comptroller shall provide to  
24 the System a certification of the sum of all expenditures in  
25 the fiscal year for personal services. Upon receipt of the  
26 certification, the System shall determine the amount due to the

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

15 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;  
16 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.  
17 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,  
18 eff. 6-30-12.)

19 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

20 Sec. 14-132. Obligations of State; funding guarantee.

21 (a) The payment of the required department contributions,  
22 all allowances, annuities, benefits granted under this  
23 Article, and all expenses of administration of the system are  
24 obligations of the State of Illinois to the extent specified in  
25 this Article.

1       (b) All income of the system shall be credited to a  
2 separate account for this system in the State treasury and  
3 shall be used to pay allowances, annuities, benefits and  
4 administration expense.

5       (c) Pursuant to Article XIII, Section 5 of the 1970  
6 Constitution of the State of Illinois, beginning on July 1,  
7 2013, the State shall, as a retirement benefit to each  
8 participant and annuitant of the System be contractually  
9 obligated to the System (as a fiduciary and trustee of the  
10 participants and annuitants) to pay the annual required State  
11 contribution, as determined by the Board of the System using  
12 generally accepted actuarial principles, as is necessary to  
13 bring the total assets of the System up to 100% of the total  
14 actuarial liabilities of the System by the end of State fiscal  
15 year 2045. As a further retirement benefit and contractual  
16 obligation, each fiscal year, the State shall pay to each  
17 designated retirement system the annual required State  
18 contribution certified by the Board for that fiscal year.  
19 Payments of the annual required State contribution for each  
20 fiscal year shall be made in equal monthly installments.  
21 Additionally, beginning in fiscal year 2014, State transfers to  
22 the Pension Stabilization Fund pursuant to Section 20 of the  
23 Budget Stabilization Act and payments to the System pursuant to  
24 Section 25 of the Budget Stabilization Act shall be further  
25 retirement benefits and contractual obligations. The transfers  
26 and payments prescribed in Sections 20 and 25 of the Budget

1 Stabilization Act shall not be used by the retirement system  
2 when calculation any pension payment until the System has  
3 reached a funded level of 100%. This Section and the security  
4 it provides to participants and annuitants is intended to be,  
5 and is, a contractual right that is part of the pension  
6 benefits provided to the participants and annuitants.  
7 Notwithstanding anything to the contrary in the Court of Claims  
8 Act or any other law, a designated retirement system has the  
9 exclusive right to and shall bring a mandamus action in the  
10 Circuit Court of Sangamon County against the State to compel  
11 the State to make any installment of the annual required State  
12 contribution required by this Section, irrespective of other  
13 remedies that may be available to the System. Each member or  
14 annuitant of the System has the right to in any judicial  
15 district in which the System maintains an office if the System  
16 fails to bring an action specified in this Section,  
17 irrespective of other remedies that may be available to the  
18 member or annuitant. In making these determinations, the  
19 required State contribution shall be calculated each year as a  
20 level percentage of payroll over the years remaining to and  
21 including fiscal year 2045 and shall be determined under the  
22 projected unit credit actuarial cost method.

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

24 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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



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

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

7 (2) Noncovered employees, except as indicated below,  
8 7% for retirement annuity and 1% for a widow or survivors  
9 annuity;

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

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

22 (5) Each security employee of the Department of  
23 Corrections or of the Department of Human Services who is a  
24 covered employee, 0.5% for a widow or survivors annuity  
25 plus the following amount for retirement annuity: 5%  
26 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%

1 in 2004 and thereafter;

2 (6) Each security employee of the Department of  
3 Corrections or of the Department of Human Services who is  
4 not a covered employee, 1% for a widow or survivors annuity  
5 plus the following amount for retirement annuity: 8.5%  
6 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and  
7 11.5% in 2004 and thereafter.

8 (a-5) In addition to the contributions otherwise required  
9 under this Article, each Tier I participant shall also make the  
10 following contributions toward the cost of his or her  
11 retirement annuity from each payment of salary received by him  
12 or her for service as a member:

13 (1) beginning July 1, 2013 and through June 30, 2014,  
14 1% of compensation; and

15 (2) beginning on July 1, 2014, 2% of compensation.

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

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

24 (40 ILCS 5/15-107.1 new)

25 Sec. 15-107.1. Tier I participant. "Tier I participant": A

1 participant under this Article, other than a participant in the  
2 self-managed plan under Section 15-158.2, who first became a  
3 member or participant before January 1, 2011 under any  
4 reciprocal retirement system or pension fund established under  
5 this Code other than a retirement system or pension fund  
6 established under Article 2, 3, 4, 5, 6, or 18 of this Code and  
7 who is not a Tier I retiree.

8 (40 ILCS 5/15-107.2 new)

9 Sec. 15-107.2. Tier I retiree. "Tier I retiree": A former  
10 Tier I participant who is receiving a retirement annuity.

11 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

12 Sec. 15-136. Retirement annuities - Amount. The provisions  
13 of this Section 15-136 apply only to those participants who are  
14 participating in the traditional benefit package or the  
15 portable benefit package and do not apply to participants who  
16 are participating in the self-managed plan.

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

21 Rule 1: The retirement annuity shall be 1.67% of final rate  
22 of earnings for each of the first 10 years of service, 1.90%  
23 for each of the next 10 years of service, 2.10% for each year  
24 of service in excess of 20 but not exceeding 30, and 2.30% for

1 each year in excess of 30; or for persons who retire on or  
2 after January 1, 1998, 2.2% of the final rate of earnings for  
3 each year of service.

4 Rule 2: The retirement annuity shall be the sum of the  
5 following, determined from amounts credited to the participant  
6 in accordance with the actuarial tables and the effective rate  
7 of interest in effect at the time the retirement annuity  
8 begins:

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

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

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

22 For the purpose of calculating an annuity under this Rule  
23 2, the contribution required under subsection (c-5) of Section  
24 15-157 shall not be considered when determining the  
25 participant's accumulated normal contributions under clause  
26 (i) or the employer contribution under clause (ii).

1           With respect to a police officer or firefighter who retires  
2 on or after August 14, 1998, the accumulated normal  
3 contributions taken into account under clauses (i) and (ii) of  
4 this Rule 2 shall include the additional normal contributions  
5 made by the police officer or firefighter under Section  
6 15-157(a).

7           The amount of a retirement annuity calculated under this  
8 Rule 2 shall be computed solely on the basis of the  
9 participant's accumulated normal contributions, as specified  
10 in this Rule and defined in Section 15-116. Neither an employee  
11 or employer contribution for early retirement under Section  
12 15-136.2 nor any other employer contribution shall be used in  
13 the calculation of the amount of a retirement annuity under  
14 this Rule 2.

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

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

21           Rule 3: The retirement annuity of a participant who is  
22 employed at least one-half time during the period on which his  
23 or her final rate of earnings is based, shall be equal to the  
24 participant's years of service not to exceed 30, multiplied by  
25 (1) \$96 if the participant's final rate of earnings is less  
26 than \$3,500, (2) \$108 if the final rate of earnings is at least

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

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

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

26 (i) service that is performed while the person is an

1 employee under subsection (h) of Section 15-107; and

2 (ii) in the case of an individual who was a  
3 participating employee employed in the fire department of  
4 the University of Illinois's Champaign-Urbana campus  
5 immediately prior to the elimination of that fire  
6 department and who immediately after the elimination of  
7 that fire department transferred to another job with the  
8 University of Illinois, service performed as an employee of  
9 the University of Illinois in a position other than police  
10 officer or firefighter, from the date of that transfer  
11 until the employee's next termination of service with the  
12 University of Illinois.

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

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

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

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

6            (iii) an annuity which can be provided on an  
7        actuarially equivalent basis from the employee  
8        contribution for early retirement under Section 15-136.2,  
9        and an annuity from employer contributions of an amount  
10       equal to that which can be provided on an actuarially  
11       equivalent basis from the employee contribution for early  
12       retirement under Section 15-136.2.

13        In no event shall a retirement annuity under this Rule 5 be  
14        lower than the amount obtained by adding (1) the monthly amount  
15        obtained by dividing the combined employee and employer  
16        contributions made under Section 15-136.2 by the System's  
17        annuity factor for the age of the participant at the beginning  
18        of the annuity payment period and (2) the amount equal to the  
19        participant's annuity if calculated under Rule 1, reduced under  
20        Section 15-136(b) as if no contributions had been made under  
21        Section 15-136.2.

22        With respect to a participant who is qualified for a  
23        retirement annuity under this Rule 5 whose retirement annuity  
24        began before the effective date of this amendatory Act of the  
25        91st General Assembly, and for whom an employee contribution  
26        was made under Section 15-136.2, the System shall recalculate



1 the retirement annuity under this Rule 5 and shall pay any  
2 additional amounts due in the manner provided in Section  
3 15-186.1 for benefits mistakenly set too low.

4 The amount of a retirement annuity calculated under this  
5 Rule 5 shall be computed solely on the basis of those  
6 contributions specifically set forth in this Rule 5. Except as  
7 provided in clause (iii) of this Rule 5, neither an employee  
8 nor employer contribution for early retirement under Section  
9 15-136.2, nor any other employer contribution, shall be used in  
10 the calculation of the amount of a retirement annuity under  
11 this Rule 5.

12 The General Assembly has adopted the changes set forth in  
13 Section 25 of this amendatory Act of the 91st General Assembly  
14 in recognition that the decision of the Appellate Court for the  
15 Fourth District in *Mattis v. State Universities Retirement*  
16 *System et al.* might be deemed to give some right to the  
17 plaintiff in that case. The changes made by Section 25 of this  
18 amendatory Act of the 91st General Assembly are a legislative  
19 implementation of the decision of the Appellate Court for the  
20 Fourth District in *Mattis v. State Universities Retirement*  
21 *System et al.* with respect to that plaintiff.

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

26 (b) The retirement annuity provided under Rules 1 and 3

1 above shall be reduced by 1/2 of 1% for each month the  
2 participant is under age 60 at the time of retirement. However,  
3 this reduction shall not apply in the following cases:

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

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

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

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

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

1           Effective January 1 immediately following the date the  
2 retirement annuity begins, the annuitant shall receive an  
3 increase in his or her monthly retirement annuity of 0.125% of  
4 the monthly retirement annuity provided under Rule 1, Rule 2,  
5 Rule 3, Rule 4, or Rule 5, contained in this Section,  
6 multiplied by the number of full months which elapsed from the  
7 date the retirement annuity payments began to January 1, 1972,  
8 plus 0.1667% of such annuity, multiplied by the number of full  
9 months which elapsed from January 1, 1972, or the date the  
10 retirement annuity payments began, whichever is later, to  
11 January 1, 1978, plus 0.25% of such annuity multiplied by the  
12 number of full months which elapsed from January 1, 1978, or  
13 the date the retirement annuity payments began, whichever is  
14 later, to the effective date of the increase.

15           The annuitant shall receive an increase in his or her  
16 monthly retirement annuity on each January 1 thereafter during  
17 the annuitant's life of 3% of the monthly annuity provided  
18 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in  
19 this Section. The change made under this subsection by P.A.  
20 81-970 is effective January 1, 1980 and applies to each  
21 annuitant whose status as an employee terminates before or  
22 after that date.

23           Beginning January 1, 1990, all automatic annual increases  
24 payable under this Section shall be calculated as a percentage  
25 of the total annuity payable at the time of the increase,  
26 including all increases previously granted under this Article.

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

4           (e) If, on January 1, 1987, or the date the retirement  
5 annuity payment period begins, whichever is later, the sum of  
6 the retirement annuity provided under Rule 1 or Rule 2 of this  
7 Section and the automatic annual increases provided under the  
8 preceding subsection or Section 15-136.1, amounts to less than  
9 the retirement annuity which would be provided by Rule 3, the  
10 retirement annuity shall be increased as of January 1, 1987, or  
11 the date the retirement annuity payment period begins,  
12 whichever is later, to the amount which would be provided by  
13 Rule 3 of this Section. Such increased amount shall be  
14 considered as the retirement annuity in determining benefits  
15 provided under other Sections of this Article. This paragraph  
16 applies without regard to whether status as an employee  
17 terminated before the effective date of this amendatory Act of  
18 1987, provided that the annuitant was employed at least  
19 one-half time during the period on which the final rate of  
20 earnings was based.

21           (f) A participant is entitled to such additional annuity as  
22 may be provided on an actuarially equivalent basis, by any  
23 accumulated additional contributions to his or her credit.  
24 However, the additional contributions made by the participant  
25 toward the automatic increases in annuity provided under this  
26 Section and the contributions made under subsection (c-5) of

1 Section 15-157 by this amendatory Act of the 98th General  
2 Assembly shall not be taken into account in determining the  
3 amount of such additional annuity.

4 (g) If, (1) by law, a function of a governmental unit, as  
5 defined by Section 20-107 of this Code, is transferred in whole  
6 or in part to an employer, and (2) a participant transfers  
7 employment from such governmental unit to such employer within  
8 6 months after the transfer of the function, and (3) the sum of  
9 (A) the annuity payable to the participant under Rule 1, 2, or  
10 3 of this Section (B) all proportional annuities payable to the  
11 participant by all other retirement systems covered by Article  
12 20, and (C) the initial primary insurance amount to which the  
13 participant is entitled under the Social Security Act, is less  
14 than the retirement annuity which would have been payable if  
15 all of the participant's pension credits validated under  
16 Section 20-109 had been validated under this system, a  
17 supplemental annuity equal to the difference in such amounts  
18 shall be payable to the participant.

19 (h) On January 1, 1981, an annuitant who was receiving a  
20 retirement annuity on or before January 1, 1971 shall have his  
21 or her retirement annuity then being paid increased \$1 per  
22 month for each year of creditable service. On January 1, 1982,  
23 an annuitant whose retirement annuity began on or before  
24 January 1, 1977, shall have his or her retirement annuity then  
25 being paid increased \$1 per month for each year of creditable  
26 service.

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

6 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

7 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

8 Sec. 15-155. Employer contributions.

9 (a) The State of Illinois shall make contributions by  
10 appropriations of amounts which, together with the other  
11 employer contributions from trust, federal, and other funds,  
12 employee contributions, income from investments, and other  
13 income of this System, will be sufficient to meet the cost of  
14 maintaining and administering the System on a 100% ~~90%~~ funded  
15 basis in accordance with actuarial recommendations.

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

21 (a-1) For State fiscal years 2015 through 2045, the minimum  
22 contribution to the System to be made by the State for each  
23 fiscal year shall be an amount determined by the System to be  
24 sufficient to bring the total assets of the System up to 100%  
25 of the total actuarial liabilities of the System by the end of

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

6 For State fiscal years 2012 through ~~2014~~ 2045, the minimum  
7 contribution to the System to be made by the State for each  
8 fiscal year shall be an amount determined by the System to be  
9 sufficient to bring the total assets of the System up to 90% of  
10 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 100% ~~90%~~. A reference in this Article  
15 to the "required State contribution" or any substantially  
16 similar term does not include or apply to any amounts payable  
17 to the System under Section 25 of the Budget Stabilization Act.

18 Notwithstanding any other provision of this Code or the  
19 Budget Stabilization Act, amounts transferred to the System  
20 pursuant to the Budget Stabilization Act after the effective  
21 date of this amendatory Act of the 98th General Assembly do not  
22 reduce and do not constitute payment of any portion of the  
23 required State contribution under this Article in that fiscal  
24 year. Such amounts shall not reduce, and shall not be included  
25 in the calculation of, the required State contributions under  
26 this Article in any future year until the System has received

1 payment of contributions pursuant to the Budget Stabilization  
2 Act.

3 Notwithstanding any other provision of this Section, the  
4 required State contribution for State fiscal year 2005 and for  
5 fiscal year 2008 and each fiscal year thereafter through State  
6 fiscal year 2014, as calculated under this Section and  
7 certified under Section 15-165, shall not exceed an amount  
8 equal to (i) the amount of the required State contribution that  
9 would have been calculated under this Section for that fiscal  
10 year if the System had not received any payments under  
11 subsection (d) of Section 7.2 of the General Obligation Bond  
12 Act, minus (ii) the portion of the State's total debt service  
13 payments for that fiscal year on the bonds issued in fiscal  
14 year 2003 for the purposes of that Section 7.2, as determined  
15 and certified by the Comptroller, that is the same as the  
16 System's portion of the total moneys distributed under  
17 subsection (d) of Section 7.2 of the General Obligation Bond  
18 Act. In determining this maximum for State fiscal years 2008  
19 through 2010, however, the amount referred to in item (i) shall  
20 be increased, as a percentage of the applicable employee  
21 payroll, in equal increments calculated from the sum of the  
22 required State contribution for State fiscal year 2007 plus the  
23 applicable portion of the State's total debt service payments  
24 for fiscal year 2007 on the bonds issued in fiscal year 2003  
25 for the purposes of Section 7.2 of the General Obligation Bond  
26 Act, so that, by State fiscal year 2011, the State is

1 contributing at the rate otherwise required under this Section.

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

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

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

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

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

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

24 (f) Normal costs under this Section means liability for  
25 pensions and other benefits which accrues to the System because  
26 of the credits earned for service rendered by the participants

1 during the fiscal year and expenses of administering the  
2 System, but shall not include the principal of or any  
3 redemption premium or interest on any bonds issued by the Board  
4 or any expenses incurred or deposits required in connection  
5 therewith.

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

22 Whenever it determines that a payment is or may be required  
23 under this subsection (g), the System shall calculate the  
24 amount of the payment and bill the employer for that amount.  
25 The bill shall specify the calculations used to determine the  
26 amount due. If the employer disputes the amount of the bill, it

1 may, within 30 days after receipt of the bill, apply to the  
2 System in writing for a recalculation. The application must  
3 specify in detail the grounds of the dispute and, if the  
4 employer asserts that the calculation is subject to subsection  
5 (h) or (i) of this Section, must include an affidavit setting  
6 forth and attesting to all facts within the employer's  
7 knowledge that are pertinent to the applicability of subsection  
8 (h) or (i). Upon receiving a timely application for  
9 recalculation, the System shall review the application and, if  
10 appropriate, recalculate the amount due.

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

20 (h) This subsection (h) applies only to payments made or  
21 salary increases given on or after June 1, 2005 but before July  
22 1, 2011. The changes made by Public Act 94-1057 shall not  
23 require the System to refund any payments received before July  
24 31, 2006 (the effective date of Public Act 94-1057).

25 When assessing payment for any amount due under subsection  
26 (g), the System shall exclude earnings increases paid to

1 participants under contracts or collective bargaining  
2 agreements entered into, amended, or renewed before June 1,  
3 2005.

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

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

22 When assessing payment for any amount due under subsection  
23 (g), the System shall exclude any earnings increase resulting  
24 from (i) a promotion for which the employee moves from one  
25 classification to a higher classification under the State  
26 Universities Civil Service System, (ii) a promotion in academic

1 rank for a tenured or tenure-track faculty position, or (iii) a  
2 promotion that the Illinois Community College Board has  
3 recommended in accordance with subsection (k) of this Section.  
4 These earnings increases shall be excluded only if the  
5 promotion is to a position that has existed and been filled by  
6 a member for no less than one complete academic year and the  
7 earnings increase as a result of the promotion is an increase  
8 that results in an amount no greater than the average salary  
9 paid for other similar positions.

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

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

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

26 (2) The dollar amount by which each employer's



1 contribution to the System was changed due to  
2 recalculations required by Public Act 94-1057.

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

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

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

24 (l) For purposes of determining the required State  
25 contribution to the System, the value of the System's assets  
26 shall be equal to the actuarial value of the System's assets,

1 which shall be calculated as follows:

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

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

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

16 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)  
17 Sec. 15-156. Obligations of State; funding guarantees.

18 (a) The payment of (1) the required State contributions,  
19 (2) all benefits granted under this system and (3) all expenses  
20 in connection with the administration and operation thereof are  
21 obligations of the State of Illinois to the extent specified in  
22 this Article. The accumulated employee normal, additional and  
23 survivors insurance contributions credited to the accounts of  
24 active and inactive participants shall not be used to pay the  
25 State's share of the obligations.

1       (c) Pursuant to Article XIII, Section 5 of the 1970  
2 Constitution of the State of Illinois, beginning on July 1,  
3 2013, the State shall, as a retirement benefit to each  
4 participant and annuitant of the System be contractually  
5 obligated to the System (as a fiduciary and trustee of the  
6 participants and annuitants) to pay the annual required State  
7 contribution, as determined by the Board of the System using  
8 generally accepted actuarial principles, as is necessary to  
9 bring the total assets of the System up to 100% of the total  
10 actuarial liabilities of the System by the end of State fiscal  
11 year 2045. As a further retirement benefit and contractual  
12 obligation, each fiscal year, the State shall pay to each  
13 designated retirement system the annual required State  
14 contribution certified by the Board for that fiscal year.  
15 Payments of the annual required State contribution for each  
16 fiscal year shall be made in equal monthly installments.  
17 Additionally, beginning in fiscal year 2014, State transfers to  
18 the Pension Stabilization Fund pursuant to Section 20 of the  
19 Budget Stabilization Act and payments to the System pursuant to  
20 Section 25 of the Budget Stabilization Act shall be further  
21 retirement benefits and contractual obligations. The transfers  
22 and payments prescribed in Sections 20 and 25 of the Budget  
23 Stabilization Act shall not be used by the retirement system  
24 when calculation any pension payment until the System has  
25 reached a funded level of 100%. This Section and the security  
26 it provides to participants and annuitants is intended to be,

1 and is, a contractual right that is part of the pension  
2 benefits provided to the participants and annuitants.  
3 Notwithstanding anything to the contrary in the Court of Claims  
4 Act or any other law, a designated retirement system has the  
5 exclusive right to and shall bring a mandamus action in the  
6 Circuit Court of Champaign County against the State to compel  
7 the State to make any installment of the annual required State  
8 contribution required by this Section, irrespective of other  
9 remedies that may be available to the System. Each member or  
10 annuitant of the System has the right to in any judicial  
11 district in which the System maintains an office if the System  
12 fails to bring an action specified in this Section,  
13 irrespective of other remedies that may be available to the  
14 member or annuitant. In making these determinations, the  
15 required State contribution shall be calculated each year as a  
16 level percentage of payroll over the years remaining to and  
17 including fiscal year 2045 and shall be determined under the  
18 projected unit credit actuarial cost method.

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

20 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

21 Sec. 15-157. Employee Contributions.

22 (a) Each participating employee shall make contributions  
23 towards the retirement benefits payable under the retirement  
24 program applicable to the employee from each payment of  
25 earnings applicable to employment under this system on and

1 after the date of becoming a participant as follows: Prior to  
2 September 1, 1949, 3 1/2% of earnings; from September 1, 1949  
3 to August 31, 1955, 5%; from September 1, 1955 to August 31,  
4 1969, 6%; from September 1, 1969, 6 1/2%. These contributions  
5 are to be considered as normal contributions for purposes of  
6 this Article.

7 Each participant who is a police officer or firefighter  
8 shall make normal contributions of 8% of each payment of  
9 earnings applicable to employment as a police officer or  
10 firefighter under this system on or after September 1, 1981,  
11 unless he or she files with the board within 60 days after the  
12 effective date of this amendatory Act of 1991 or 60 days after  
13 the board receives notice that he or she is employed as a  
14 police officer or firefighter, whichever is later, a written  
15 notice waiving the retirement formula provided by Rule 4 of  
16 Section 15-136. This waiver shall be irrevocable. If a  
17 participant had met the conditions set forth in Section  
18 15-132.1 prior to the effective date of this amendatory Act of  
19 1991 but failed to make the additional normal contributions  
20 required by this paragraph, he or she may elect to pay the  
21 additional contributions plus compound interest at the  
22 effective rate. If such payment is received by the board, the  
23 service shall be considered as police officer service in  
24 calculating the retirement annuity under Rule 4 of Section  
25 15-136. While performing service described in clause (i) or  
26 (ii) of Rule 4 of Section 15-136, a participating employee

1 shall be deemed to be employed as a firefighter for the purpose  
2 of determining the rate of employee contributions under this  
3 Section.

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

11 (c) In addition to the amounts described in subsections (a)  
12 and (b) of this Section, each participating employee shall make  
13 contributions of 1% of earnings applicable under this system on  
14 and after August 1, 1959. The contributions made under this  
15 subsection (c) shall be considered as survivor's insurance  
16 contributions for purposes of this Article if the employee is  
17 covered under the traditional benefit package, and such  
18 contributions shall be considered as additional contributions  
19 for purposes of this Article if the employee is participating  
20 in the self-managed plan or has elected to participate in the  
21 portable benefit package and has completed the applicable  
22 one-year waiting period. Contributions in excess of \$80 during  
23 any fiscal year beginning before August 31, 1969 and in excess  
24 of \$120 during any fiscal year thereafter until September 1,  
25 1971 shall be considered as additional contributions for  
26 purposes of this Article.

1       (c-5) In addition to the contributions otherwise required  
2 under this Article, each Tier I participant shall also make the  
3 following contributions toward the cost of his or her  
4 retirement annuity from each payment of salary received by him  
5 or her for service as a member:

6           (1) beginning July 1, 2013 and through June 30, 2014,  
7 1% of earnings; and

8           (2) beginning on July 1, 2014, 2% of earnings.

9       Except as otherwise specified, these contributions are to  
10 be considered as normal contributions for purposes of this  
11 Article.

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

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

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

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

9 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,  
10 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;  
11 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

12 (40 ILCS 5/16-106.4 new)

13 Sec. 16-106.4. Tier I member. "Tier I member": A member  
14 under this Article who first became a member or participant  
15 before January 1, 2011 under any reciprocal retirement system  
16 or pension fund established under this Code other than a  
17 retirement system or pension fund established under Article 2,  
18 3, 4, 5, 6, or 18 of this Code and who is not a Tier I retiree.

19 (40 ILCS 5/16-106.5 new)

20 Sec. 16-106.5. Tier I retiree. "Tier I retiree": A former  
21 Tier I member who is receiving a retirement annuity.

22 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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



1           (a) The amount of the retirement annuity shall be (i) in  
2 the case of a person who first became a teacher under this  
3 Article before July 1, 2005, the larger of the amounts  
4 determined under paragraphs (A) and (B) below, or (ii) in the  
5 case of a person who first becomes a teacher under this Article  
6 on or after July 1, 2005, the amount determined under the  
7 applicable provisions of paragraph (B):

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

9           (1) An amount that can be provided on an  
10 actuarially equivalent basis by the member's  
11 accumulated contributions at the time of retirement;  
12 and

13           (2) The sum of (i) the amount that can be provided  
14 on an actuarially equivalent basis by the member's  
15 accumulated contributions representing service prior  
16 to July 1, 1947, and (ii) the amount that can be  
17 provided on an actuarially equivalent basis by the  
18 amount obtained by multiplying 1.4 times the member's  
19 accumulated contributions covering service subsequent  
20 to June 30, 1947; and

21           (3) If there is prior service, 2 times the amount  
22 that would have been determined under subparagraph (2)  
23 of paragraph (A) above on account of contributions  
24 which would have been made during the period of prior  
25 service creditable to the member had the System been in  
26 operation and had the member made contributions at the

1 contribution rate in effect prior to July 1, 1947.

2 For the purpose of calculating the sum provided under  
3 this paragraph (A), the contribution required under  
4 subsection (a-5) of Section 16-152 shall not be considered  
5 when determining the amount of the member's accumulated  
6 contributions under subparagraph (1) or (2).

7 This paragraph (A) does not apply to a person who first  
8 becomes a teacher under this Article on or after July 1,  
9 2005.

10 (B) An amount consisting of the greater of the  
11 following:

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

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

1 service and 2.3% of final average salary for each year  
2 of creditable service earned on or after July 1, 1998  
3 and after the member reaches a total of 30 years of  
4 creditable service; and

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

7 (2) 1.5% of final average salary for each year of  
8 creditable service plus the sum \$7.50 for each of the  
9 first 20 years of creditable service.

10 The amount of the retirement annuity determined under this  
11 paragraph (B) shall be reduced by 1/2 of 1% for each month  
12 that the member is less than age 60 at the time the  
13 retirement annuity begins. However, this reduction shall  
14 not apply (i) if the member has at least 35 years of  
15 creditable service, or (ii) if the member retires on  
16 account of disability under Section 16-149.2 of this  
17 Article with at least 20 years of creditable service, or  
18 (iii) if the member (1) has earned during the period  
19 immediately preceding the last day of service at least one  
20 year of contributing creditable service as an employee of a  
21 department as defined in Section 14-103.04, (2) has earned  
22 at least 5 years of contributing creditable service as an  
23 employee of a department as defined in Section 14-103.04,  
24 (3) retires on or after January 1, 2001, and (4) retires  
25 having attained an age which, when added to the number of  
26 years of his or her total creditable service, equals at

1           least 85. Portions of years shall be counted as decimal  
2           equivalents.

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

8           In the determination of final average salary for members  
9           other than elected officials and their appointees when such  
10          appointees are allowed by statute, that part of a member's  
11          salary for any year beginning after June 30, 1979 which exceeds  
12          the member's annual full-time salary rate with the same  
13          employer for the preceding year by more than 20% shall be  
14          excluded. The exclusion shall not apply in any year in which  
15          the member's creditable earnings are less than 50% of the  
16          preceding year's mean salary for downstate teachers as  
17          determined by the survey of school district salaries provided  
18          in Section 2-3.103 of the School Code.

19          (c) In determining the amount of the retirement annuity  
20          under paragraph (B) of this Section, a fractional year shall be  
21          granted proportional credit.

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

1           (e) The maximum retirement annuity provided under  
2 paragraph (B) of this Section shall be 75% of final average  
3 salary.

4           (f) A member retiring after the effective date of this  
5 amendatory Act of 1998 shall receive a pension equal to 75% of  
6 final average salary if the member is qualified to receive a  
7 retirement annuity equal to at least 74.6% of final average  
8 salary under this Article or as proportional annuities under  
9 Article 20 of this Code.

10       (Source: P.A. 94-4, eff. 6-1-05.)

11           (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)  
12       Sec. 16-152. Contributions by members.

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

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

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

21               (3) Effective July 24, 1959, contributions of 1% of  
22 salary towards the cost of survivor benefits. Such  
23 contributions shall not be credited to the individual  
24 account of the member and shall not be subject to refund  
25 except as provided under Section 16-143.2.

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

7           (a-5) In addition to the contributions otherwise required  
8 under this Article, each Tier I participant shall also make the  
9 following contributions toward the cost of his or her  
10 retirement annuity from each payment of salary received by him  
11 or her for service as a member:

12                 (1) beginning July 1, 2013 and through June 30, 2014,  
13                 1% of salary; and

14                 (2) beginning on July 1, 2014, 2% of salary.

15           Except as otherwise specified, these contributions are to  
16 be considered as normal contributions for purposes of this  
17 Article.

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

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

23           (d) A person who (i) was a member before July 1, 1998, (ii)  
24 retires with more than 34 years of creditable service, and  
25 (iii) does not elect to qualify for the augmented rate under  
26 Section 16-129.1 shall be entitled, at the time of retirement,

1 to receive a partial refund of contributions made under this  
2 Section for service occurring after the later of June 30, 1998  
3 or attainment of 34 years of creditable service, in an amount  
4 equal to 1.00% of the salary upon which those contributions  
5 were based.

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

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

20 (2) The contributions shall be included, without  
21 interest, in any refund claimed by the member under Section  
22 16-151.

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

1 this Article.

2 (4) The contributions shall be refunded to the member,  
3 without interest, within 120 days after the early  
4 retirement without discount option provided under Section  
5 16-133.2 is terminated under Section 16-176.

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

7 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)  
8 Sec. 16-158. Contributions by State and other employing  
9 units.

10 (a) The State shall make contributions to the System by  
11 means of appropriations from the Common School Fund and other  
12 State funds of amounts which, together with other employer  
13 contributions, employee contributions, investment income, and  
14 other income, will be sufficient to meet the cost of  
15 maintaining and administering the System on a 100% ~~90%~~ funded  
16 basis in accordance with actuarial recommendations.

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

22 (a-1) Annually, on or before November 15 until November 15,  
23 2011, the Board shall certify to the Governor the amount of the  
24 required State contribution for the coming fiscal year. The  
25 certification under this subsection (a-1) shall include a copy



1 of the actuarial recommendations upon which it is based and  
2 shall specifically identify the System's projected State  
3 normal cost for that fiscal year.

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

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

15 On or before April 1, 2011, the Board shall recalculate and  
16 recertify to the Governor the amount of the required State  
17 contribution to the System for State fiscal year 2011, applying  
18 the changes made by Public Act 96-889 to the System's assets  
19 and liabilities as of June 30, 2009 as though Public Act 96-889  
20 was approved on that date.

21 (a-5) On or before November 1 of each year, beginning  
22 November 1, 2012, the Board shall submit to the State Actuary,  
23 the Governor, and the General Assembly a proposed certification  
24 of the amount of the required State contribution to the System  
25 for the next fiscal year, along with all of the actuarial  
26 assumptions, calculations, and data upon which that proposed

1 certification is based. On or before January 1 of each year,  
2 beginning January 1, 2013, the State Actuary shall issue a  
3 preliminary report concerning the proposed certification and  
4 identifying, if necessary, recommended changes in actuarial  
5 assumptions that the Board must consider before finalizing its  
6 certification of the required State contributions. On or before  
7 January 15, 2013 and each January 15 thereafter, the Board  
8 shall certify to the Governor and the General Assembly the  
9 amount of the required State contribution for the next fiscal  
10 year. The Board's certification must note any deviations from  
11 the State Actuary's recommended changes, the reason or reasons  
12 for not following the State Actuary's recommended changes, and  
13 the fiscal impact of not following the State Actuary's  
14 recommended changes on the required State contribution.

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

18 (b-1) Beginning in State fiscal year 1996, on the 15th day  
19 of each month, or as soon thereafter as may be practicable, the  
20 Board shall submit vouchers for payment of State contributions  
21 to the System, in a total monthly amount of one-twelfth of the  
22 required annual State contribution certified under subsection  
23 (a-1). From the effective date of this amendatory Act of the  
24 93rd General Assembly through June 30, 2004, the Board shall  
25 not submit vouchers for the remainder of fiscal year 2004 in  
26 excess of the fiscal year 2004 certified contribution amount

1 determined under this Section after taking into consideration  
2 the transfer to the System under subsection (a) of Section  
3 6z-61 of the State Finance Act. These vouchers shall be paid by  
4 the State Comptroller and Treasurer by warrants drawn on the  
5 funds appropriated to the System for that fiscal year.

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

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

18 (b-3) For State fiscal years 2015 through 2045, the minimum  
19 contribution to the System to be made by the State for each  
20 fiscal year shall be an amount determined by the System to be  
21 sufficient to bring the total assets of the System up to 100%  
22 of the total actuarial liabilities of the System by the end of  
23 State fiscal year 2045. In making these determinations, the  
24 required State contribution shall be calculated each year as a  
25 level percentage of payroll over the years remaining to and  
26 including fiscal year 2045 and shall be determined under the

1 projected unit credit actuarial cost method.

2 For State fiscal years 2012 through 2014 ~~2045~~, the minimum  
3 contribution to the System to be made by the State for each  
4 fiscal year shall be an amount determined by the System to be  
5 sufficient to bring the total assets of the System up to 90% of  
6 the total actuarial liabilities of the System by the end of  
7 State fiscal year 2045. In making these determinations, the  
8 required State contribution shall be calculated each year as a  
9 level percentage of payroll over the years remaining to and  
10 including fiscal year 2045 and shall be determined under the  
11 projected unit credit actuarial cost method.

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

1           Notwithstanding any other provision of this Article, the  
2 total required State contribution for State fiscal year 2006 is  
3 \$534,627,700.

4           Notwithstanding any other provision of this Article, the  
5 total required State contribution for State fiscal year 2007 is  
6 \$738,014,500.

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 contribution for State fiscal year 2010 is  
15 \$2,089,268,000 and shall be made from the proceeds of bonds  
16 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
17 Obligation Bond Act, less (i) the pro rata share of bond sale  
18 expenses determined by the System's share of total bond  
19 proceeds, (ii) any amounts received from the Common School Fund  
20 in fiscal year 2010, and (iii) any reduction in bond proceeds  
21 due to the issuance of discounted bonds, if applicable.

22           Notwithstanding any other provision of this Article, the  
23 total required State contribution for State fiscal year 2011 is  
24 the amount recertified by the System on or before April 1, 2011  
25 pursuant to subsection (a-1) of this Section and shall be made  
26 from the proceeds of bonds sold in fiscal year 2011 pursuant to

1 Section 7.2 of the General Obligation Bond Act, less (i) the  
2 pro rata share of bond sale expenses determined by the System's  
3 share of total bond proceeds, (ii) any amounts received from  
4 the Common School Fund in fiscal year 2011, and (iii) any  
5 reduction in bond proceeds due to the issuance of discounted  
6 bonds, if applicable. This amount shall include, in addition to  
7 the amount certified by the System, an amount necessary to meet  
8 employer contributions required by the State as an employer  
9 under paragraph (e) of this Section, which may also be used by  
10 the System for contributions required by paragraph (a) of  
11 Section 16-127.

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

16 Amounts received by the System pursuant to Section 25 of  
17 the Budget Stabilization Act or Section 8.12 of the State  
18 Finance Act in any fiscal year do not reduce and do not  
19 constitute payment of any portion of the minimum State  
20 contribution required under this Article in that fiscal year.  
21 Such amounts shall not reduce, and shall not be included in the  
22 calculation of, the required State contributions under this  
23 Article in any future year until the System has reached a  
24 funding ratio of at least 100% ~~90%~~. A reference in this Article  
25 to the "required State contribution" or any substantially  
26 similar term does not include or apply to any amounts payable

1 to the System under Section 25 of the Budget Stabilization Act.

2 Notwithstanding any other provision of this Code or the  
3 Budget Stabilization Act, amounts transferred to the System  
4 pursuant to the Budget Stabilization Act after the effective  
5 date of this amendatory Act of the 98th General Assembly do not  
6 reduce and do not constitute payment of any portion of the  
7 required State contribution under this Article in that fiscal  
8 year. Such amounts shall not reduce, and shall not be included  
9 in the calculation of, the required State contributions under  
10 this Article in any future year until the System has received  
11 payment of contributions pursuant to the Budget Stabilization  
12 Act.

13 Notwithstanding any other provision of this Section, the  
14 required State contribution for State fiscal year 2005 and for  
15 fiscal year 2008 and each fiscal year thereafter through State  
16 fiscal year 2014, as calculated under this Section and  
17 certified under subsection (a-1), shall not exceed an amount  
18 equal to (i) the amount of the required State contribution that  
19 would have been calculated under this Section for that fiscal  
20 year if the System had not received any payments under  
21 subsection (d) of Section 7.2 of the General Obligation Bond  
22 Act, minus (ii) the portion of the State's total debt service  
23 payments for that fiscal year on the bonds issued in fiscal  
24 year 2003 for the purposes of that Section 7.2, as determined  
25 and certified by the Comptroller, that is the same as the  
26 System's portion of the total moneys distributed under

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

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

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



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

8           However, with respect to benefits granted under Section  
9 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)  
10 of Section 16-106, the employer's contribution shall be 12%  
11 (rather than 20%) of the member's highest annual salary rate  
12 for each year of creditable service granted, and the employer  
13 shall also pay the required employee contribution on behalf of  
14 the teacher. For the purposes of Sections 16-133.4 and  
15 16-133.5, a teacher as defined in paragraph (8) of Section  
16 16-106 who is serving in that capacity while on leave of  
17 absence from another employer under this Article shall not be  
18 considered an employee of the employer from which the teacher  
19 is on leave.

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

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

26                 (2) Beginning July 1, 1999 and thereafter, the employer

1 contribution shall be equal to 0.58% of each teacher's  
2 salary.

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

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

11 Each employer of teachers is entitled to a credit against  
12 the contributions required under this subsection (e) with  
13 respect to salaries paid to teachers for the period January 1,  
14 2002 through June 30, 2003, equal to the amount paid by that  
15 employer under subsection (a-5) of Section 6.6 of the State  
16 Employees Group Insurance Act of 1971 with respect to salaries  
17 paid to teachers for that period.

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

23 If an employer is required by a contract in effect on May  
24 1, 1998 between the employer and an employee organization to  
25 pay, on behalf of all its full-time employees covered by this  
26 Article, all mandatory employee contributions required under

1 this Article, then the employer shall be excused from paying  
2 the employer contribution required under this subsection (e)  
3 for the balance of the term of that contract. The employer and  
4 the employee organization shall jointly certify to the System  
5 the existence of the contractual requirement, in such form as  
6 the System may prescribe. This exclusion shall cease upon the  
7 termination, extension, or renewal of the contract at any time  
8 after May 1, 1998.

9 (f) If the amount of a teacher's salary for any school year  
10 used to determine final average salary exceeds the member's  
11 annual full-time salary rate with the same employer for the  
12 previous school year by more than 6%, the teacher's employer  
13 shall pay to the System, in addition to all other payments  
14 required under this Section and in accordance with guidelines  
15 established by the System, the present value of the increase in  
16 benefits resulting from the portion of the increase in salary  
17 that is in excess of 6%. This present value shall be computed  
18 by the System on the basis of the actuarial assumptions and  
19 tables used in the most recent actuarial valuation of the  
20 System that is available at the time of the computation. If a  
21 teacher's salary for the 2005-2006 school year is used to  
22 determine final average salary under this subsection (f), then  
23 the changes made to this subsection (f) by Public Act 94-1057  
24 shall apply in calculating whether the increase in his or her  
25 salary is in excess of 6%. For the purposes of this Section,  
26 change in employment under Section 10-21.12 of the School Code

1 on or after June 1, 2005 shall constitute a change in employer.  
2 The System may require the employer to provide any pertinent  
3 information or documentation. The changes made to this  
4 subsection (f) by this amendatory Act of the 94th General  
5 Assembly apply without regard to whether the teacher was in  
6 service on or after its effective date.

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

22 The employer contributions required under this subsection  
23 (f) may be paid in the form of a lump sum within 90 days after  
24 receipt of the bill. If the employer contributions are not paid  
25 within 90 days after receipt of the bill, then interest will be  
26 charged at a rate equal to the System's annual actuarially

1 assumed rate of return on investment compounded annually from  
2 the 91st day after receipt of the bill. Payments must be  
3 concluded within 3 years after the employer's receipt of the  
4 bill.

5 (g) This subsection (g) applies only to payments made or  
6 salary increases given on or after June 1, 2005 but before July  
7 1, 2011. The changes made by Public Act 94-1057 shall not  
8 require the System to refund any payments received before July  
9 31, 2006 (the effective date of Public Act 94-1057).

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

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

18 When assessing payment for any amount due under subsection  
19 (f), the System shall exclude salary increases resulting from  
20 overload work, including summer school, when the school  
21 district has certified to the System, and the System has  
22 approved the certification, that (i) the overload work is for  
23 the sole purpose of classroom instruction in excess of the  
24 standard number of classes for a full-time teacher in a school  
25 district during a school year and (ii) the salary increases are  
26 equal to or less than the rate of pay for classroom instruction

1 computed on the teacher's current salary and work schedule.

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

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

22 (h) When assessing payment for any amount due under  
23 subsection (f), the System shall exclude any salary increase  
24 described in subsection (g) of this Section given on or after  
25 July 1, 2011 but before July 1, 2014 under a contract or  
26 collective bargaining agreement entered into, amended, or

1 renewed on or after June 1, 2005 but before July 1, 2011.  
2 Notwithstanding any other provision of this Section, any  
3 payments made or salary increases given after June 30, 2014  
4 shall be used in assessing payment for any amount due under  
5 subsection (f) of this Section.

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

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

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

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

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

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

13 (40 ILCS 5/16-158.2 new)

14 Sec. 16-158.2. Obligations of State; funding guarantee.  
15 Pursuant to Article XIII, Section 5 of the 1970 Constitution of  
16 the State of Illinois, beginning on July 1, 2013, the State  
17 shall, as a retirement benefit to each participant and  
18 annuitant of the System be contractually obligated to the  
19 System (as a fiduciary and trustee of the participants and  
20 annuitants) to pay the annual required State contribution, as  
21 determined by the Board of the System using generally accepted  
22 actuarial principles, as is necessary to bring the total assets  
23 of the System up to 100% of the total actuarial liabilities of  
24 the System by the end of State fiscal year 2045. As a further  
25 retirement benefit and contractual obligation, each fiscal



1 year, the State shall pay to each designated retirement system  
2 the annual required State contribution certified by the Board  
3 for that fiscal year. Payments of the annual required State  
4 contribution for each fiscal year shall be made in equal  
5 monthly installments. Additionally, beginning in fiscal year  
6 2014, State transfers to the Pension Stabilization Fund  
7 pursuant to Section 20 of the Budget Stabilization Act and  
8 payments to the System pursuant to Section 25 of the Budget  
9 Stabilization Act shall be further retirement benefits and  
10 contractual obligations. The transfers and payments prescribed  
11 in Sections 20 and 25 of the Budget Stabilization Act shall not  
12 be used by the retirement system when calculation any pension  
13 payment until the System has reached a funded level of 100%.  
14 This Section and the security it provides to participants and  
15 annuitants is intended to be, and is, a contractual right that  
16 is part of the pension benefits provided to the participants  
17 and annuitants. Notwithstanding anything to the contrary in the  
18 Court of Claims Act or any other law, a designated retirement  
19 system has the exclusive right to and shall bring a mandamus  
20 action in the Circuit Court of Sangamon County against the  
21 State to compel the State to make any installment of the annual  
22 required State contribution required by this Section,  
23 irrespective of other remedies that may be available to the  
24 System. Each member or annuitant of the System has the right to  
25 in any judicial district in which the System maintains an  
26 office if the System fails to bring an action specified in this

1 Section, irrespective of other remedies that may be available  
2 to the member or annuitant. In making these determinations, the  
3 required State contribution shall be calculated each year as a  
4 level percentage of payroll over the years remaining to and  
5 including fiscal year 2045 and shall be determined under the  
6 projected unit credit actuarial cost method.

7 Section 99. Effective date. This Act takes effect July 1,  
8 2013.".