



Rep. Mike Fortner

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1 AMENDMENT TO HOUSE BILL 3066

2 AMENDMENT NO. _____. Amend House Bill 3066 by replacing
3 everything after the enacting clause with the following:

4 "Section 3. The Budget Stabilization Act is amended by
5 changing Sections 20 and 25 as follows:

6 (30 ILCS 122/20)

7 Sec. 20. Pension Stabilization Fund.

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

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

1 provided by this Section a total amount equal to 0.5% of the
2 estimated general funds revenues to the Pension Stabilization
3 Fund.

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

12 (c-5) In Fiscal Year 2014, the State Comptroller shall
13 order transferred and the State Treasurer shall transfer
14 \$4,100,000,000 from the General Revenue Fund to the Pension
15 Stabilization Fund. In each fiscal year thereafter, the State
16 Comptroller shall order transferred and the State Treasurer
17 shall transfer from the General Revenue Fund to the Pension
18 Stabilization Fund the amount transferred under this
19 subsection (c-5) in the previous fiscal year increased by
20 2.25%.

21 (c-10) In addition, in Fiscal Year 2016 and each fiscal
22 year thereafter, the State Comptroller shall order transferred
23 and the State Treasurer shall transfer \$693,500,000 from the
24 General Revenue Fund to the Pension Stabilization Fund.

25 (c-15) In addition, in Fiscal Year 2020 and each fiscal
26 year thereafter, the State Comptroller shall order transferred

1 and the State Treasurer shall transfer \$900,000,000 from the
2 General Revenue Fund to the Pension Stabilization Fund.

3 (c-20) In addition, in Fiscal Year 2034 and each fiscal
4 year thereafter, the State Comptroller shall order transferred
5 and the State Treasurer shall transfer \$1,100,000,000 from the
6 General Revenue Fund to the Pension Stabilization Fund.

7 (c-25) The transfers made pursuant to subsections (c-5)
8 through (c-20) of this Section shall continue until Fiscal Year
9 2045 or until each of the designated retirement systems, as
10 defined in Section 25, has achieved a funding ratio of at least
11 100%, whichever occurs first.

12 (d) The Comptroller shall transfer 1/12 of the total amount
13 to be transferred each fiscal year under this Section into the
14 Pension Stabilization Fund on the first day of each month of
15 that fiscal year or as soon thereafter as possible; except that
16 the final transfer of the fiscal year shall be made as soon as
17 practical after the August 31 following the end of the fiscal
18 year.

19 Until Fiscal Year 2014, before ~~Before~~ the final transfer
20 for a fiscal year is made, the Comptroller shall reconcile the
21 estimated general funds revenues used in calculating the other
22 transfers under this Section for that fiscal year with the
23 actual general funds revenues for that fiscal year. The final
24 transfer for the fiscal year shall be adjusted so that the
25 total amount transferred under this Section for that fiscal
26 year is equal to the percentage specified in subsection (b) or

1 (c) of this Section, whichever is applicable, of the actual
2 general funds revenues for that fiscal year. The actual general
3 funds revenues for the fiscal year shall be calculated in a
4 manner consistent with subsection (c) of Section 10 of this
5 Act.

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

7 (30 ILCS 122/25)

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

9 (a) As used in this Section, "designated retirement
10 systems" means:

11 (1) the State Employees' Retirement System of
12 Illinois;

13 (2) (blank) ~~the Teachers' Retirement System of the~~
14 ~~State of Illinois;~~

15 (3) the Illinois Teachers' Retirement Fund ~~State~~
16 ~~Universities Retirement System;~~

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

18 (5) the General Assembly Retirement System.

19 (b) As soon as may be practical after any money is
20 deposited into the Pension Stabilization Fund, the State
21 Comptroller shall apportion the deposited amount among the
22 designated retirement systems and the State Comptroller and
23 State Treasurer shall pay the apportioned amounts to the
24 designated retirement systems. The amount deposited shall be
25 apportioned among the designated retirement systems in

1 proportion to their respective certified State contributions
2 for the State fiscal year in which the payment is made to those
3 systems in the same proportion as their respective portions of
4 the total actuarial reserve deficiency of the designated
5 retirement systems, as most recently determined by the
6 Governor's Office of Management and Budget. Amounts received by
7 a designated retirement system under this Section shall be used
8 for funding the unfunded liabilities of the retirement system.
9 Payments under this Section are authorized by the continuing
10 appropriation under Section 1.7 of the State Pension Funds
11 Continuing Appropriation Act. The total amount transferred to
12 the designated retirement systems in Fiscal Year 2014 shall not
13 be less than \$4,100,000,000. In each Fiscal Year thereafter,
14 the total amount transferred to the designated retirement
15 systems shall not be less than the total amount transferred in
16 the previous fiscal year.

17 (c) At the request of the State Comptroller, the Governor's
18 Office of Management and Budget shall determine the individual
19 and total actuarial reserve deficiencies of the designated
20 retirement systems. For this purpose, the Governor's Office of
21 Management and Budget shall consider the latest available audit
22 and actuarial reports of each of the retirement systems and the
23 relevant reports and statistics of the Public Pension Division
24 of the Department of Financial and Professional Regulation.

25 (d) Payments to the designated retirement systems under
26 this Section shall be in addition to, and not in lieu of, any

1 State contributions required under Section 2-124, 14-131,
2 15-155, 16-158, or 18-131 of the Illinois Pension Code.
3 (Source: P.A. 94-839, eff. 6-6-06.)

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 15-101, 15-103, 15-111, 15-155, 15-157, 15-158.2,
6 16-101, and 17-101 and adding Sections 15-112.1, 15-155.1,
7 15-159.1, and 15-165.1 as follows:

8 (40 ILCS 5/15-101) (from Ch. 108 1/2, par. 15-101)
9 Sec. 15-101. Creation of system.

10 (a) Until July 1, 2013, a retirement system is created to
11 provide retirement annuities and other benefits for employees,
12 as defined in this Article, and their dependents.

13 The system shall be known and may be cited as State
14 Universities Retirement System. All the business of the system
15 shall be transacted in that name.

16 (b) On July 1, 2013, the retirement system established
17 under this Article is merged and consolidated with the Article
18 16 and 17 retirement systems into a single retirement fund, to
19 be known as the Illinois Teachers' Retirement Fund, which shall
20 be established and administered as prescribed in this Article.

21 (c) In preparation for that consolidation, the Board of
22 this System shall cooperate with the boards of trustees of the
23 Article 16 and 17 retirement systems.

24 (d) At the time of consolidation, or as otherwise directed

1 by the Board of the Illinois Teachers' Retirement Fund, all
2 assets and liabilities belonging to the System established
3 under this Article shall become the assets and liabilities of
4 the Illinois Teachers' Retirement Fund, and all current or
5 former members and beneficiaries of the System established
6 under this Article shall be deemed current or former
7 participants and beneficiaries of the Illinois Teachers'
8 Retirement Fund.

9 (e) The Illinois Teachers' Retirement Fund shall be the
10 legal successor to the System established under this Article
11 and it may exercise any of the rights and powers and perform
12 any of the duties of that System. The Illinois Teachers'
13 Retirement Fund may, in its discretion, either continue,
14 renegotiate, or terminate any personnel, service contract,
15 lease, or other contract of any of the retirement systems
16 consolidated under this Article.

17 (f) The consolidation of the System established under this
18 Article shall not diminish or impair the benefits of any person
19 who participated in that System, or of any such person's
20 surviving spouse, children, or other dependents.

21 Benefits already payable by the System on June 30, 2013
22 shall become payable from the Illinois Teachers' Retirement
23 Fund beginning on July 1, 2013, and shall not be subject to
24 recalculation or combination due to the consolidation.

25 Benefits that first become payable on or after July 1, 2013
26 shall be calculated and paid as provided in this Article 15.

1 The consolidation of the System established under this
2 Article does not entitle any person to a recalculation of any
3 benefit previously granted or a refund of any contribution
4 previously paid.

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

6 (40 ILCS 5/15-103) (from Ch. 108 1/2, par. 15-103)

7 Sec. 15-103. System. "System": Until July 1, 2013, the ~~The~~
8 State Universities Retirement System.

9 Beginning July 1, 2013, "system" or "fund" means the
10 Illinois Teachers' Retirement Fund created under this Article
11 to consolidate the retirement systems previously established
12 under this Article and Articles 16 and 17 of this Code;
13 depending on the context, the terms may include one or more of
14 those previously established retirement systems.

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

16 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

17 Sec. 15-111. Earnings. "Earnings": An amount paid for
18 personal services equal to the sum of the basic compensation
19 plus extra compensation for summer teaching, overtime or other
20 extra service. For periods for which an employee receives
21 service credit under subsection (c) of Section 15-113.1 or
22 Section 15-113.2, earnings are equal to the basic compensation
23 on which contributions are paid by the employee during such
24 periods. Compensation for employment which is irregular,

1 intermittent and temporary shall not be considered earnings,
2 unless the participant is also receiving earnings from the
3 employer as an employee under Section 15-107.

4 With respect to transition pay paid by the University of
5 Illinois to a person who was a participating employee employed
6 in the fire department of the University of Illinois's
7 Champaign-Urbana campus immediately prior to the elimination
8 of that fire department:

9 (1) "Earnings" includes transition pay paid to the
10 employee on or after the effective date of this amendatory
11 Act of the 91st General Assembly.

12 (2) "Earnings" includes transition pay paid to the
13 employee before the effective date of this amendatory Act
14 of the 91st General Assembly only if (i) employee
15 contributions under Section 15-157 have been withheld from
16 that transition pay or (ii) the employee pays to the System
17 before January 1, 2001 an amount representing employee
18 contributions under Section 15-157 on that transition pay.
19 Employee contributions under item (ii) may be paid in a
20 lump sum, by withholding from additional transition pay
21 accruing before January 1, 2001, or in any other manner
22 approved by the System. Upon payment of the employee
23 contributions on transition pay, the corresponding
24 employer contributions become an obligation of the State.

25 Notwithstanding any other provision of this Section,
26 "earnings", except as used in Section 15-158.2, does not

1 include any future increase in income due to a provision in a
2 collectively bargained contract that grants an increase in
3 earnings based on an employee's expected date of retirement.
4 The changes made to this Section by this amendatory Act of the
5 98th General Assembly do not apply to an employee who is
6 covered by a collective bargaining agreement or employment
7 contract that is in effect on the effective date of this
8 amendatory Act of the 98th General Assembly and that provides
9 for such increases, until that agreement or contract expires or
10 is amended or renewed.

11 (Source: P.A. 91-887, eff. 7-6-00.)

12 (40 ILCS 5/15-112.1 new)

13 Sec. 15-112.1. Limitation on earnings and required
14 participation in the self-managed plan.

15 (a) For the purpose of calculating traditional benefit
16 package benefits and contributions, the annual earnings,
17 salary, or wages of a participant shall not exceed the greater
18 of (i) the amount specified under subsection (b-5) of Section
19 1-160 or (ii) the annual earnings of the participant during the
20 365 days immediately before the effective date of this Section.
21 If, however, an employment contract that is in place on or
22 before the effective date of this Section authorizes an
23 increase in earnings, salary, or wages on or after the
24 effective date of this Section, then the annual earnings,
25 salary, or wages of the participant during the 365 days that

1 immediately precede the date that the contract expires may be
2 used in lieu of the amount specified in item (ii) of this
3 Section.

4 (b) Notwithstanding any other provision of this Code, (i)
5 for a participant who does not make an election under Section
6 15-134.5, any portion of his or her earnings that exceeds the
7 limit specified in subsection (a) of this Section for that year
8 shall be subject to the self-managed plan and (ii) for a
9 participant who makes an election under Section 15-134.5, the
10 entirety of the participant's earnings shall, after the date of
11 the election, be subject to the self-managed plan created under
12 this Section, as is provided in Section 15-158.2.

13 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

14 Sec. 15-155. Employer contributions.

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

22 The Board shall determine the amount of State contributions
23 required for each fiscal year on the basis of the actuarial
24 tables and other assumptions adopted by the Board and the
25 recommendations of the actuary, using the formula in subsection

1 (a-1).

2 (a-1) For State fiscal years 2012 and 2013 ~~through 2045~~,
3 the minimum contribution to the System to be made by the State
4 for each fiscal year shall be an amount determined by the
5 System to be sufficient to bring the total assets of the System
6 up to 90% of the total actuarial liabilities of the System by
7 the end of State fiscal year 2045. In making these
8 determinations, the required State contribution shall be
9 calculated each year as a level percentage of payroll over the
10 years remaining to and including fiscal year 2045 and shall be
11 determined under the projected unit credit actuarial cost
12 method.

13 Beginning July 1, 2013, the assets and liabilities of the
14 Article 16 and 17 retirement systems shall be calculated as
15 assets and liabilities of the Illinois Teachers' Retirement
16 Fund under this Article.

17 For State fiscal years 2014 through 2045 or until the State
18 has amortized 100% of the total cost of benefits accrued by
19 July 1, 2013, whichever is earlier, in addition to any employer
20 contributions required from the State as an employer, the
21 minimum contribution to the Fund to be made by the State for
22 each fiscal year shall be an amount determined by the Board to
23 be sufficient to amortize, by the end of State fiscal year
24 2045, the total cost of the benefits of the Fund arising before
25 July 1, 2013. In making these determinations, the required
26 State contribution shall be calculated each year as a level

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

4 Beginning with State fiscal year 2014, the minimum required
5 contribution of employers under this Article shall be
6 determined as a percentage of projected payroll, and shall be
7 sufficient to produce an annual amount equal to the employer's
8 normal cost for that fiscal year and any unfunded accrued
9 liability assigned to the employer that year arising from
10 benefits accrued after July 1, 2013.

11 For use in determining the employer's contribution for
12 unfunded accrued liability the Fund shall maintain a separate
13 account for each employer. The separate account shall be
14 maintained in such form and detail as the Fund determines to be
15 appropriate. The separate account shall reflect the following
16 items to the extent that they are attributable to that employer
17 and arise on or after July 1, 2013: employer contributions,
18 employee contributions, investment returns, payments of
19 benefits, and that employer's proportionate share of the Fund's
20 administrative expenses. In the event that the Board determines
21 that there is a deficiency or surplus in the account of an
22 employer, the Board shall determine the employer's
23 contribution rate so as to address that deficiency or surplus
24 over a reasonable period of time as determined by the Board,
25 which shall be no more than 10 years.

26 The State shall also be required to make an annual

1 contribution to each employer of a member who would have been
2 considered a member of Article 15 or 16 before the effective
3 date of this amendatory Act of the 98th General Assembly of the
4 total employer normal cost as determined by the system for
5 FY14. Every 5 years the Commission on Government Forecasting
6 and Accountability shall review the contribution in this
7 paragraph and the total current employer normal cost and submit
8 the findings to the General Assembly.

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

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2006 is
16 \$166,641,900.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2007 is
19 \$252,064,100.

20 For each of State fiscal years 2008 through 2009, the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, shall be increased in equal annual increments
23 from the required State contribution for State fiscal year
24 2007, so that by State fiscal year 2011, the State is
25 contributing at the rate otherwise required under this Section.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010 is
2 \$702,514,000 and shall be made from the State Pensions Fund and
3 proceeds of bonds sold in fiscal year 2010 pursuant to Section
4 7.2 of the General Obligation Bond Act, less (i) the pro rata
5 share of bond sale expenses determined by the System's share of
6 total bond proceeds, (ii) any amounts received from the General
7 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
8 proceeds due to the issuance of discounted bonds, if
9 applicable.

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

21 Beginning in State fiscal year 2046, the minimum State
22 contribution for each fiscal year shall be the amount needed to
23 maintain the total assets of the System at 100% ~~90%~~ of the
24 total actuarial liabilities of the System.

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

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

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

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

10 (a-5) Pursuant to Article XIII of the 1970 Constitution of
11 the State of Illinois, beginning on July 1, 2013, the State
12 shall, as a retirement benefit to each participant and
13 annuitant of the System be contractually obligated to the
14 System (as a fiduciary and trustee of the participants and
15 annuitants) to pay the Annual Required State Contribution, as
16 determined by the Board of the System using generally accepted
17 actuarial principles, as is necessary to bring the total assets
18 of the System up to 100% of the total actuarial liabilities of
19 the System by the end of State fiscal year 2045. As a further
20 retirement benefit and contractual obligation, each fiscal
21 year, the State shall pay to each designated retirement system
22 the Annual Required State Contribution certified by the Board
23 for that fiscal year. Payments of the Annual Required State
24 Contribution for each fiscal year shall be made in equal
25 monthly installments. This Section, and the security it
26 provides to participants and annuitants is intended to be, and

1 is, a contractual right that is part of the pension benefits
2 provided to the participants and annuitants. Notwithstanding
3 anything to the contrary in the Court of Claims Act or any
4 other law, a designated retirement system has the exclusive
5 right to and shall bring a Mandamus action in the Circuit Court
6 of Champaign County against the State to compel the State to
7 make any installment of the Annual Required State Contribution
8 required by this Section, irrespective of other remedies that
9 may be available to the System. Each member or annuitant of the
10 System has the right to bring a Mandamus action against the
11 System in the Circuit Court in any judicial district in which
12 the System maintains an office if the System fails to bring an
13 action specified in this Section, irrespective of other
14 remedies that may be available to the member or annuitant.

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

1 and other employers which do not receive State appropriations
2 are considered to be trust funds for the purpose of this
3 Article.

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

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

1 College Board or the System for employer contributions.

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

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

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

19 (g) If the amount of a participant's earnings for any
20 academic year used to determine the final rate of earnings,
21 determined on a full-time equivalent basis, exceeds the amount
22 of his or her earnings with the same employer for the previous
23 academic year, determined on a full-time equivalent basis, by
24 more than 6%, the participant's employer shall pay to the
25 System, in addition to all other payments required under this
26 Section and in accordance with guidelines established by the

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

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

24 The employer contributions required under this subsection
25 (g) ~~(f)~~ may be paid in the form of a lump sum within 90 days
26 after receipt of the bill. If the employer contributions are

1 not paid within 90 days after receipt of the bill, then
2 interest will be charged at a rate equal to the System's annual
3 actuarially assumed rate of return on investment compounded
4 annually from the 91st day after receipt of the bill. Payments
5 must be concluded within 3 years after the employer's receipt
6 of the bill.

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

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

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

21 When assessing payment for any amount due under subsection
22 (g), the System shall exclude earnings increases resulting from
23 overload work, including a contract for summer teaching, or
24 overtime when the employer has certified to the System, and the
25 System has approved the certification, that: (i) in the case of
26 overloads (A) the overload work is for the sole purpose of

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

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

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

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

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

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

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

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

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

22 (k) The Illinois Community College Board shall adopt rules
23 for recommending lists of promotional positions submitted to
24 the Board by community colleges and for reviewing the
25 promotional lists on an annual basis. When recommending
26 promotional lists, the Board shall consider the similarity of

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

11 (l) 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 (m) 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 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;

1 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
2 7-13-12; revised 10-17-12.)

3 (40 ILCS 5/15-155.1 new)

4 Sec. 15-155.1. Actions to enforce payments by employers
5 other than the State. Any employer, other than the State, that
6 fails to transmit to the System contributions required of it
7 under this Article or contributions required of employees, for
8 more than 90 days after such contributions are due, is subject
9 to the following: after giving notice to the employer, the
10 System may certify to the State Comptroller or the Illinois
11 Community College Board, whichever is applicable, the amounts
12 of such delinquent payments and the State Comptroller or the
13 Illinois Community College Board, whichever is applicable,
14 shall deduct the amounts so certified or any part thereof from
15 any State funds to be remitted to the employer and shall pay
16 the amount so deducted to the System. If State funds from which
17 such deductions may be made are not available, the System may
18 proceed against the employer to recover the amounts of such
19 delinquent payments in the appropriate circuit court.

20 The System may provide for an audit of the records of an
21 employer, other than the State, as may be required to establish
22 the amounts of required contributions. The employer shall make
23 its records available to the System for the purpose of such
24 audit. The cost of such audit shall be added to the amount of
25 the delinquent payments and may be recovered by the System from

1 the employer at the same time and in the same manner as the
2 delinquent payments are recovered.

3 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

4 Sec. 15-157. Employee Contributions.

5 (a) Each participating employee shall make contributions
6 towards the retirement benefits payable under the retirement
7 program applicable to the employee from each payment of
8 earnings applicable to employment under this system on and
9 after the date of becoming a participant as follows: Prior to
10 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
11 to August 31, 1955, 5%; from September 1, 1955 to August 31,
12 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
13 are to be considered as normal contributions for purposes of
14 this Article.

15 Each participant who is a police officer or firefighter
16 shall make normal contributions of 8% of each payment of
17 earnings applicable to employment as a police officer or
18 firefighter under this system on or after September 1, 1981,
19 unless he or she files with the board within 60 days after the
20 effective date of this amendatory Act of 1991 or 60 days after
21 the board receives notice that he or she is employed as a
22 police officer or firefighter, whichever is later, a written
23 notice waiving the retirement formula provided by Rule 4 of
24 Section 15-136. This waiver shall be irrevocable. If a
25 participant had met the conditions set forth in Section

1 15-132.1 prior to the effective date of this amendatory Act of
2 1991 but failed to make the additional normal contributions
3 required by this paragraph, he or she may elect to pay the
4 additional contributions plus compound interest at the
5 effective rate. If such payment is received by the board, the
6 service shall be considered as police officer service in
7 calculating the retirement annuity under Rule 4 of Section
8 15-136. While performing service described in clause (i) or
9 (ii) of Rule 4 of Section 15-136, a participating employee
10 shall be deemed to be employed as a firefighter for the purpose
11 of determining the rate of employee contributions under this
12 Section.

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

20 (c) In addition to the amounts described in subsections (a)
21 and (b) of this Section, each participating employee shall make
22 contributions of 1% of earnings applicable under this system on
23 and after August 1, 1959. The contributions made under this
24 subsection (c) shall be considered as survivor's insurance
25 contributions for purposes of this Article if the employee is
26 covered under the traditional benefit package, and such

1 contributions shall be considered as additional contributions
2 for purposes of this Article if the employee is participating
3 in the self-managed plan or has elected to participate in the
4 portable benefit package and has completed the applicable
5 one-year waiting period. Contributions in excess of \$80 during
6 any fiscal year beginning before August 31, 1969 and in excess
7 of \$120 during any fiscal year thereafter until September 1,
8 1971 shall be considered as additional contributions for
9 purposes of this Article.

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

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

25 (f) Notwithstanding the foregoing, a participating
26 employee shall not be required to make contributions under this

1 Section after the date upon which continuance of such
2 contributions would otherwise cause his or her retirement
3 annuity to exceed the maximum retirement annuity as specified
4 in clause (1) of subsection (c) of Section 15-136.

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

7 (h) Notwithstanding any provision of this Code to the
8 contrary, (i) for a member who does not file an election under
9 subsection (e) of Section 15-158.2, any contributions on
10 amounts of earnings in excess of the limit specified in Section
11 15-112.1 for that year shall instead be used to finance
12 self-managed plan benefits and (ii) for a member who files an
13 election under subsection (e) of Section 15-158.2, any
14 contributions made after the date of the election, including
15 the contributions for a survivor's annuity, shall be used to
16 finance the benefits under Section 15-158.2. Notwithstanding
17 any provision of this Code to the contrary, a member who does
18 not file an election under subsection (a-5) of Section 15-158.2
19 shall contribute towards the traditional benefit package a
20 percentage of earnings equal to the greater of (i) one-half of
21 the normal cost of the traditional benefit package or (ii) 6%
22 of earnings.

23 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
24 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
25 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

1 (40 ILCS 5/15-158.2)

2 Sec. 15-158.2. Self-managed plan.

3 (a) Purpose. The General Assembly finds that it is
4 important for colleges and universities to be able to attract
5 and retain the most qualified employees and that in order to
6 attract and retain these employees, colleges and universities
7 should have the flexibility to provide a defined contribution
8 plan as an alternative for eligible employees who elect not to
9 participate in a defined benefit retirement program provided
10 under this Article. Accordingly, the State Universities
11 Retirement System is hereby authorized to establish and
12 administer a self-managed plan, which shall offer
13 participating employees the opportunity to accumulate assets
14 for retirement through a combination of employee and employer
15 contributions that may be invested in mutual funds, collective
16 investment funds, or other investment products and used to
17 purchase annuity contracts, either fixed or variable or a
18 combination thereof. The plan must be qualified under the
19 Internal Revenue Code of 1986.

20 (b) Adoption by employers. Each employer subject to this
21 Article may elect to adopt the self-managed plan established
22 under this Section; this election is irrevocable. An employer's
23 election to adopt the self-managed plan makes available to the
24 eligible employees of that employer the elections described in
25 Section 15-134.5.

26 The State Universities Retirement System shall be the plan

1 sponsor for the self-managed plan and shall prepare a plan
2 document and prescribe such rules and procedures as are
3 considered necessary or desirable for the administration of the
4 self-managed plan. Consistent with its fiduciary duty to the
5 participants and beneficiaries of the self-managed plan, the
6 Board of Trustees of the System may delegate aspects of plan
7 administration as it sees fit to companies authorized to do
8 business in this State, to the employers, or to a combination
9 of both.

10 (c) Selection of service providers and funding vehicles.
11 The System, in consultation with the employers, shall solicit
12 proposals to provide administrative services and funding
13 vehicles for the self-managed plan from insurance and annuity
14 companies and mutual fund companies, banks, trust companies, or
15 other financial institutions authorized to do business in this
16 State. In reviewing the proposals received and approving and
17 contracting with no fewer than 2 and no more than 7 companies,
18 the Board of Trustees of the System shall consider, among other
19 things, the following criteria:

20 (1) the nature and extent of the benefits that would be
21 provided to the participants;

22 (2) the reasonableness of the benefits in relation to
23 the premium charged;

24 (3) the suitability of the benefits to the needs and
25 interests of the participating employees and the employer;

26 (4) the ability of the company to provide benefits

1 under the contract and the financial stability of the
2 company; and

3 (5) the efficacy of the contract in the recruitment and
4 retention of employees.

5 The System, in consultation with the employers, shall
6 periodically review each approved company. A company may
7 continue to provide administrative services and funding
8 vehicles for the self-managed plan only so long as it continues
9 to be an approved company under contract with the Board.

10 (d) Employee Direction. Employees who are participating in
11 the program must be allowed to direct the transfer of their
12 account balances among the various investment options offered,
13 subject to applicable contractual provisions. The participant
14 shall not be deemed a fiduciary by reason of providing such
15 investment direction. A person who is a fiduciary shall not be
16 liable for any loss resulting from such investment direction
17 and shall not be deemed to have breached any fiduciary duty by
18 acting in accordance with that direction. Neither the System
19 nor the employer guarantees any of the investments in the
20 employee's account balances.

21 (e) Participation. An employee eligible to participate in
22 the self-managed plan must make a written election in
23 accordance with the provisions of Section 15-134.5 and the
24 procedures established by the System or become subject to the
25 limitation specified in Section 15-112.1. Participation in the
26 self-managed plan by an ~~electing~~ employee shall begin on the

1 first day of the first pay period following the later of the
2 date the employee's election is filed with the System, ~~or~~ the
3 effective date as of which the employee's employer begins to
4 offer participation in the self-managed plan, or the date the
5 participant's annual earnings exceeds the limitation specified
6 in Section 15-112.1. Employers may not make the self-managed
7 plan available earlier than January 1, 1998. An employee's
8 participation in any other retirement program administered by
9 the System under this Article shall terminate on the date that
10 participation in the self-managed plan begins.

11 An employee who participates ~~has elected to participate~~ in
12 the self-managed plan under this Section must continue
13 participation while employed in an eligible position, and may
14 not participate in any other retirement program administered by
15 the System under this Article while employed by that employer
16 or any other employer that has adopted the self-managed plan,
17 unless the self-managed plan is terminated in accordance with
18 subsection (i).

19 Participation in the self-managed plan under this Section
20 shall constitute membership in the State Universities
21 Retirement System.

22 A participant under this Section shall be entitled to the
23 benefits of Article 20 of this Code.

24 (f) Establishment of Initial Account Balance. If at the
25 time an employee elects to participate in the self-managed plan
26 he or she has rights and credits in the System due to previous

1 participation in the traditional benefit package, the System
2 shall establish for the employee an opening account balance in
3 the self-managed plan, equal to the amount of contribution
4 refund that the employee would be eligible to receive under
5 Section 15-154 if the employee terminated employment on that
6 date and elected a refund of contributions, except that this
7 hypothetical refund shall include interest at the effective
8 rate for the respective years. The System shall transfer assets
9 from the defined benefit retirement program to the self-managed
10 plan, as a tax free transfer in accordance with Internal
11 Revenue Service guidelines, for purposes of funding the
12 employee's opening account balance.

13 (g) No Duplication of Service Credit. Notwithstanding any
14 other provision of this Article, an employee may not purchase
15 or receive service or service credit applicable to any other
16 retirement program administered by the System under this
17 Article for any period during which the employee was a
18 participant in the self-managed plan established under this
19 Section.

20 (h) Contributions.

21 (1) The self-managed plan shall be funded by
22 contributions from employees participating in the
23 self-managed plan and employer contributions as provided
24 in this Section.

25 (A) Before the effective date of this amendatory
26 Act of the 98th General Assembly, the ~~The~~ contribution

1 rate for employees participating in the self-managed
2 plan under this Section shall be equal to the employee
3 contribution rate for other participants in the
4 System, as provided in Section 15-157. This required
5 contribution shall be made as an "employer pick-up"
6 under Section 414(h) of the Internal Revenue Code of
7 1986 or any successor Section thereof. Any employee
8 participating in the System's traditional benefit
9 package prior to his or her election to participate in
10 the self-managed plan shall continue to have the
11 employer pick up the contributions required under
12 Section 15-157. However, the amounts picked up after
13 the election of the self-managed plan shall be remitted
14 to and treated as assets of the self-managed plan. In
15 no event shall an employee have an option of receiving
16 these amounts in cash. Employees may make additional
17 contributions to the self-managed plan in accordance
18 with procedures prescribed by the System, to the extent
19 permitted under rules prescribed by the System.

20 (B) On and after the effective date of this
21 amendatory Act of the 98th General Assembly, the
22 contribution rate for participants in the self-managed
23 plan shall be, (i) for a participant who does not file
24 an election under subsection (e) of this Section, 6% of
25 the amount of earnings in excess of the limit specified
26 in 15-112.1 for that year, in addition to the amount

1 specified under subsection (h) of Section 15-157 for
2 that year and (ii) for a participant who files an
3 election under subsection (e) of this Section, 8% of
4 any amount of earnings up to and including the limit
5 specified in Section 15-112.1 for that year and 6% of
6 any amount of earnings in excess of that limit for that
7 year. This required contribution shall be made as an
8 employer pick-up under Section 414(h) of the Internal
9 Revenue Code of 1986 or any successor Section thereof.
10 Any participant in the System's traditional benefit
11 package prior to his or her election to participate in
12 the self-managed plan shall continue to have the
13 employer pick up the contributions required under
14 Section 15-157. However, the amounts picked up after
15 the election of the self-managed plan shall be remitted
16 to and treated as assets of the self-managed plan. In
17 no event shall a participant have the option of
18 receiving these amounts in cash. Participants may make
19 additional contributions to the self-managed plan in
20 accordance with procedures prescribed by the System,
21 to the extent permitted under rules adopted by the
22 System.

23 (2) The program shall provide for employer and State
24 contributions to the self-managed plan in the following
25 amounts: (i) for a member who does not file an election
26 under subsection (e) of this Section, 3% of the amount of

1 earnings in excess of the limit specified in Section
2 15-112.1 for that year, to be paid by the actual employer,
3 and (ii) for a member who files an election under
4 subsection (e) of this Section, 7.1% of any amount of
5 earnings up to and including the limit specified in Section
6 15-112.1 for that year, to be paid by the State, and 3% of
7 any amount of earnings in excess of that limit for that
8 year, to be paid by the actual employer.

9 The program shall provide for these employer and State
10 contributions to be credited to each self-managed plan
11 participant ~~at a rate of 7.6% of the participating~~
12 ~~employee's salary,~~ less the amount used by the System to
13 provide disability benefits for the employee. The amounts
14 so credited shall be paid into the participant's
15 self-managed plan accounts in a manner to be prescribed by
16 the System.

17 (3) An amount of employer contribution, not exceeding
18 1% of the participating employee's salary, shall be used
19 for the purpose of providing the disability benefits of the
20 System to the employee. Prior to the beginning of each plan
21 year under the self-managed plan, the Board of Trustees
22 shall determine, as a percentage of salary, the amount of
23 employer contributions to be allocated during that plan
24 year for providing disability benefits for employees in the
25 self-managed plan.

26 (4) The State of Illinois shall make contributions by

1 appropriations to the System of the employer contributions
2 required for employees who participate in the self-managed
3 plan under this Section. The amount required shall be
4 certified by the Board of Trustees of the System and paid
5 by the State in accordance with Section 15-165. The System
6 shall not be obligated to remit the required employer
7 contributions to any of the insurance and annuity
8 companies, mutual fund companies, banks, trust companies,
9 financial institutions, or other sponsors of any of the
10 funding vehicles offered under the self-managed plan until
11 it has received the required employer contributions from
12 the State. In the event of a deficiency in the amount of
13 State contributions, the System shall implement those
14 procedures described in subsection (c) of Section 15-165 to
15 obtain the required funding from the General Revenue Fund.

16 (i) Termination. The self-managed plan authorized under
17 this Section may be terminated by the System, subject to the
18 terms of any relevant contracts, and the System shall have no
19 obligation to reestablish the self-managed plan under this
20 Section. This Section does not create a right to continued
21 participation in any self-managed plan set up by the System
22 under this Section. If the self-managed plan is terminated, the
23 participants shall have the right to participate in one of the
24 other retirement programs offered by the System and receive
25 service credit in such other retirement program for any years
26 of employment following the termination.

1 (j) Vesting; Withdrawal; Return to Service. A participant
2 in the self-managed plan becomes vested in the employer
3 contributions credited to his or her accounts in the
4 self-managed plan on the earliest to occur of the following:

5 (1) completion of 5 years of service with an employer described
6 in Section 15-106; (2) the death of the participating employee
7 while employed by an employer described in Section 15-106, if
8 the participant has completed at least 1 1/2 years of service;
9 or (3) the participant's election to retire and apply the
10 reciprocal provisions of Article 20 of this Code.

11 A participant in the self-managed plan who receives a
12 distribution of his or her vested amounts from the self-managed
13 plan while not yet eligible for retirement under this Article
14 (and Article 20, if applicable) shall forfeit all service
15 credit and accrued rights in the System; if subsequently
16 re-employed, the participant shall be considered a new
17 employee. If a former participant again becomes a participating
18 employee (or becomes employed by a participating system under
19 Article 20 of this Code) and continues as such for at least 2
20 years, all such rights, service credits, and previous status as
21 a participant shall be restored upon repayment of the amount of
22 the distribution, without interest.

23 (k) Benefit amounts. If an employee who is vested in
24 employer contributions terminates employment, the employee
25 shall be entitled to a benefit which is based on the account
26 values attributable to both employer and employee

1 contributions and any investment return thereon.

2 If an employee who is not vested in employer contributions
3 terminates employment, the employee shall be entitled to a
4 benefit based solely on the account values attributable to the
5 employee's contributions and any investment return thereon,
6 and the employer contributions and any investment return
7 thereon shall be forfeited. Any employer contributions which
8 are forfeited shall be held in escrow by the company investing
9 those contributions and shall be used as directed by the System
10 for future allocations of employer contributions or for the
11 restoration of amounts previously forfeited by former
12 participants who again become participating employees.

13 (Source: P.A. 93-347, eff. 7-24-03.)

14 (40 ILCS 5/15-159.1 new)

15 Sec. 15-159.1. New Board created.

16 (a) Beginning July 1, 2014, the Board created under Section
17 15-159 is abolished and a board of 8 members shall constitute
18 the Board of Trustees authorized to carry out the provisions of
19 this Article. Each trustee shall be a participating employee of
20 a participating employer or an annuitant of the Fund and no
21 person shall be eligible to become a trustee after January 1,
22 1979 who does not have at least 8 years of creditable service.

23 (b) The board shall consist of representatives of various
24 groups as follows:

25 (1) Four trustees shall be a chief executive officer,

1 chief finance officer, or other officer, executive or
2 department head of a participating employer, and each such
3 trustee shall be designated as an executive trustee.

4 (2) Three trustees shall be employees of a
5 participating employer and each such trustee shall be
6 designated as an employee trustee.

7 (3) One trustee shall be an annuitant of the Fund, who
8 shall be designated the annuitant trustee.

9 (c) A person elected as a trustee shall qualify as a
10 trustee, after declaration by the Board that he has been duly
11 elected, upon taking and subscribing to the constitutional oath
12 of office and filing same in the office of the Fund.

13 (d) The term of office of each trustee shall begin upon
14 January 1 of the year following the year in which he is elected
15 and shall continue for a period of 5 years and until a
16 successor has been elected and qualified, or until prior
17 resignation, death, incapacity or disqualification.

18 (e) Any elected trustee (other than the annuitant trustee)
19 shall be disqualified immediately upon termination of
20 employment with all participating municipalities and
21 instrumentalities thereof or upon any change in status which
22 removes any such trustee from all employments within the group
23 he represents. The annuitant trustee shall be disqualified upon
24 termination of his or her annuity.

25 (f) The trustees shall fill any vacancy in the Board by
26 appointment, for the period until the next election of

1 trustees, or, if the remaining term is less than 2 years, for
2 the remainder of the term, and until his successor has been
3 elected and qualified.

4 (g) Trustees shall serve without compensation, but shall be
5 reimbursed for any reasonable expenses incurred in attending
6 meetings of the Board and in performing duties on behalf of the
7 Fund and for the amount of any earnings withheld by any
8 participating employer because of attendance at any Board
9 meeting.

10 (h) Each trustee shall be entitled to one vote on any and
11 all actions before the Board. At least 5 concurring votes shall
12 be necessary for every decision or action by the Board at any
13 of its meetings. No decision or action shall become effective
14 unless presented and so approved at a regular or duly called
15 special meeting of the Board.

16 (40 ILCS 5/15-165.1 new)

17 Sec. 15-165.1. To calculate the normal cost of benefits. To
18 calculate the normal cost of each plan offered by the system as
19 a percentage of earnings and to update those amounts at least
20 every 3 years.

21 (40 ILCS 5/16-101) (from Ch. 108 1/2, par. 16-101)

22 Sec. 16-101. Creation of system; consolidation.

23 (a) Effective July 1, 1939 and until July 1, 2013, there is
24 created the "Teachers' Retirement System of the State of

1 Illinois" for the purpose of providing retirement annuities and
2 other benefits for teachers, annuitants and beneficiaries. All
3 of its business shall be transacted, its funds invested, and
4 its assets held in such name.

5 (b) On July 1, 2013, the retirement system established
6 under this Article is merged and consolidated into a single
7 retirement fund, to be known as the Illinois Teachers'
8 Retirement Fund, which shall be established and administered as
9 prescribed in Article 15 of this Code.

10 (c) In preparation for that consolidation, the Board of
11 Education and the City shall cooperate with the Board of
12 Trustees of the Illinois Teachers' Retirement Fund.

13 (d) At the time of consolidation, or as otherwise directed
14 by the Board of the Illinois Teachers' Retirement Fund, all
15 assets and liabilities belonging to the System established
16 under this Article shall become the assets and liabilities of
17 the Illinois Teachers' Retirement Fund, and all current or
18 former members and beneficiaries of the System established
19 under this Article shall be deemed current or former
20 participants and beneficiaries of the Illinois Teachers'
21 Retirement Fund.

22 (e) The Illinois Teachers' Retirement Fund shall be the
23 legal successor to the System established under this Article
24 and it may exercise any of the rights and powers and perform
25 any of the duties of that System. The Illinois Teachers'
26 Retirement Fund may, in its discretion, either continue,

1 renegotiate, or terminate any personnel, service contract,
2 lease, or other contract of the System established under this
3 Article.

4 (f) The consolidation of the System established under this
5 Article shall not diminish or impair the benefits of any person
6 who participated in that System, or of any such person's
7 surviving spouse, children, or other dependents.

8 Benefits already payable by the System on June 30, 2013
9 shall become payable from the Illinois Teachers' Retirement
10 Fund beginning on July 1, 2013, and shall not be subject to
11 recalculation or combination due to the consolidation.

12 Benefits that first become payable on or after July 1, 2013
13 shall be calculated and paid as provided in Article 15.

14 The consolidation of the System established under this
15 Article does not entitle any person to a recalculation of any
16 benefit previously granted or a refund of any contribution
17 previously paid.

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

19 (40 ILCS 5/17-101) (from Ch. 108 1/2, par. 17-101)

20 Sec. 17-101. Creation of fund; consolidation.

21 Until July 1, 2013, in ~~in~~ each city with a population over
22 500,000, there is created a Public School Teachers' Pension and
23 Retirement Fund to be maintained and administered in the manner
24 prescribed in this Article and to be known as the Public School
25 Teachers' Pension and Retirement Fund of(city).

1 (b) On July 1, 2013, the Fund established under this
2 Article is merged and consolidated into a single retirement
3 fund, to be known as the Illinois Teachers' Retirement Fund,
4 which shall be established and administered as prescribed in
5 Article 15 of this Code.

6 (c) In preparation for that consolidation, the Board of
7 Education and the City shall cooperate with the Board of
8 Trustees of the Illinois Teachers' Retirement Fund.

9 (d) At the time of consolidation, or as otherwise directed
10 by the Board of the Illinois Teachers' Retirement Fund, all
11 assets and liabilities belonging to the Fund established under
12 this Article shall become the assets and liabilities of the
13 Illinois Teachers' Retirement Fund, and all current or former
14 members and beneficiaries of the Fund established under this
15 Article shall be deemed current or former participants and
16 beneficiaries of the Illinois Teachers' Retirement Fund.

17 (e) The Illinois Teachers' Retirement Fund shall be the
18 legal successor to the Fund established under this Article and
19 it may exercise any of the rights and powers and perform any of
20 the duties of that pension fund. The Illinois Teachers'
21 Retirement Fund may, in its discretion, either continue,
22 renegotiate, or terminate any personnel, service contract,
23 lease, or other contract of the Fund established under this
24 Article.

25 (f) The consolidation of the pension fund established under
26 this Article shall not diminish or impair the benefits of any

1 person who participated in that pension fund, or of any such
2 person's surviving spouse, children, or other dependents.

3 Benefits already payable by this Fund on June 30, 2013
4 shall become payable from the Illinois Teachers' Retirement
5 Fund beginning on July 1, 2013, and shall not be subject to
6 recalculation or combination due to the consolidation.

7 Benefits that first become payable on or after July 1, 2013
8 shall be calculated as provided in Article 15.

9 The consolidation of the pension fund established under
10 this Article does not entitle any person to a recalculation of
11 any benefit previously granted or a refund of any contribution
12 previously paid.

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

14 Section 90. The State Mandates Act is amended by adding
15 Section 8.37 as follows:

16 (30 ILCS 805/8.37 new)

17 Sec. 8.37. Exempt mandate. Notwithstanding Sections 6 and 8
18 of this Act, no reimbursement by the State is required for the
19 implementation of any mandate created by this amendatory Act of
20 the 98th General Assembly.

21 Section 97. Inseverability. The provisions of this Act are
22 inseverable.

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