LRB09807118EFG37179b

98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB2368

Introduced 2/15/2013, by Sen. Kyle McCarter

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. In the 5 State-funded retirement systems: (1) increases employee contributions; (2) decreases the annual increase in retirement annuities; (3) adds funding guarantee language and authorizes a mandamus action against the State; and (4) specifies that State pension funding is subordinate to certain debt service. In the Teachers' Retirement System, provides for the incremental shifting of responsibility for employer contributions from the State to the actual employers, contingent upon the State funding certain school programs. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

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FISCAL NOTE ACT MAY APPLY	PENSION IMPACT NOTE ACT MAY APPLY	STATE MANDATES ACT MAY REQUIRE REIMBURSEMENT

A BILL FOR

AN ACT concerning public employee benefits.

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

Section 5. The Illinois Pension Code is amended by changing Sections 1-103.3, 2-119.1, 2-124, 2-126, 14-114, 14-131, 14-133, 15-136, 15-155, 15-157, 16-133.1, 16-152, 16-158, 18-125.1, 18-131, and 18-133 as follows:

(40 ILCS 5/1-103.3)

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

(a) The provisions of Public Act 88-593 ~~this amendatory Act of 1994~~ that change the method of calculating, certifying, and paying the required State contributions to the retirement systems established under Articles 2, 14, 15, 16, and 18 shall first apply to the State contributions required for State fiscal year 1996.

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

~~appropriate and responsible manner~~.

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

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

(40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

Sec. 2-119.1. Automatic increase in retirement annuity.

(a) Except as provided in subsection (a-5), a ~~A~~ participant who retires after June 30, 1967, and who has not received an initial increase under this Section before the effective date of this amendatory Act of 1991, shall, in January or July next following the first anniversary of retirement, whichever occurs first, and in the same month of each year thereafter, but in no event prior to age 60, have the amount of the originally granted retirement annuity increased as follows: for each year through 1971, 1 1/2%; for each year from 1972 through 1979, 2%; and for 1980 and each year thereafter, 3%. Annuitants who have received an initial increase under this subsection prior to the effective date of this amendatory Act of 1991 shall continue to receive their annual increases in the same month as the initial increase.

(a-5) Notwithstanding any other provision of this Article, the amount of each automatic annual increase in retirement annuity occurring on or after the effective date of this amendatory Act of the 98th General Assembly shall be 3% or one-half of the annual unadjusted percentage increase, if any, in the Consumer Price Index-U for the 12 months ending with the preceding September, whichever is less, of the first $25,000 of the retirement annuity. For the purposes of this Section, "Consumer Price Index-U" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. This limitation is applicable without regard to whether the annuitant was in service on or after that effective date.

(b) Beginning January 1, 1990, for eligible participants who remain in service after attaining 20 years of creditable service, the 3% increases provided under subsection (a) shall begin to accrue on the January 1 next following the date upon which the participant (1) attains age 55, or (2) attains 20 years of creditable service, whichever occurs later, and shall continue to accrue while the participant remains in service; such increases shall become payable on January 1 or July 1, whichever occurs first, next following the first anniversary of retirement. For any person who has service credit in the System for the entire period from January 15, 1969 through December 31, 1992, regardless of the date of termination of service, the reference to age 55 in clause (1) of this subsection (b) shall be deemed to mean age 50.

This subsection (b) does not apply to any person who first becomes a member of the System after the effective date of this amendatory Act of the 93rd General Assembly.

(b-5) Subject to subsection (a-5), but notwithstanding ~~Notwithstanding~~ any other provision of this Article, a participant who first becomes a participant on or after January 1, 2011 (the effective date of Public Act 96-889) shall, in January or July next following the first anniversary of retirement, whichever occurs first, and in the same month of each year thereafter, but in no event prior to age 67, have the amount of the retirement annuity then being paid increased by 3% or the annual unadjusted percentage increase in the Consumer Price Index for All Urban Consumers as determined by the Public Pension Division of the Department of Insurance under subsection (a) of Section 2-108.1, whichever is less.

(c) The foregoing provisions relating to automatic increases are not applicable to a participant who retires before having made contributions (at the rate prescribed in Section 2-126) for automatic increases for less than the equivalent of one full year. However, in order to be eligible for the automatic increases, such a participant may make arrangements to pay to the system the amount required to bring the total contributions for the automatic increase to the equivalent of one year's contributions based upon his or her last salary.

(d) A participant who terminated service prior to July 1, 1967, with at least 14 years of service is entitled to an increase in retirement annuity beginning January, 1976, and to additional increases in January of each year thereafter.

The initial increase shall be 1 1/2% of the originally granted retirement annuity multiplied by the number of full years that the annuitant was in receipt of such annuity prior to January 1, 1972, plus 2% of the originally granted retirement annuity for each year after that date. The subsequent annual increases shall be at the rate of 2% of the originally granted retirement annuity for each year through 1979 and at the rate of 3% for 1980 and thereafter.

(e) Beginning January 1, 1990, all automatic annual increases payable under this Section shall be calculated as a percentage of the total annuity payable at the time of the increase, including previous increases granted under this Article.

(Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

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

Sec. 2-124. Contributions by State.

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

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

(c) For State fiscal years 2012 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 100% ~~90%~~ of the total actuarial liabilities of the System by the end of State fiscal year 2045. ~~In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.~~

Pursuant to Article XIII of the 1970 Constitution of the State of Illinois, beginning on July 1, 2013, the State shall, as a retirement benefit to each participant and annuitant of the System be contractually obligated to the System (as a fiduciary and trustee of the participants and annuitants) to pay the Annual Required State Contribution, as determined by the Board of the System using generally accepted actuarial principles, as is necessary to bring the total assets of the System up to 100% of the total actuarial liabilities of the System by fiscal year 2045. As a further retirement benefit and contractual obligation, each fiscal year, the State shall pay to each designated retirement system the Annual Required State Contribution certified by the Board for that fiscal year. Payments of the Annual Required State Contribution for each fiscal year shall be made in equal monthly installments. This Section, and the security it provides to participants and annuitants is intended to be, and is, a contractual right that is part of the pension benefits provided to the participants and annuitants. Notwithstanding anything to the contrary in the Court of Claims Act or any other law, a designated retirement system has the exclusive right to and shall bring a Mandamus action in the Circuit Court of Champaign County against the State to compel the State to make any installment of the Annual Required State Contribution required by this Section, irrespective of other remedies that may be available to the System. Each member or annuitant of the System has the right to bring a Mandamus action against the System in the Circuit Court in any judicial district in which the System maintains an office if the System fails to bring an action specified in this Section, irrespective of other remedies that may be available to the member or annuitant.

Any payments required to be made by the State pursuant to this subsection (c) are expressly subordinated to the payment of the principal, interest, and premium, if any, on any bonded debt obligation of the State or any other State-created entity, either currently outstanding or to be issued, for which the source of repayment or security thereon is derived directly or indirectly from tax revenues collected by the State or any other State-created entity. Payments on such bonded obligations include any statutory fund transfers or other prefunding mechanisms or formulas set forth, now or hereafter, in State law or bond indentures, into debt service funds or accounts of the State related to such bonded obligations, consistent with the payment schedules associated with such obligations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 2-126. Contributions by participants.

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

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

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

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

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

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

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

(d) In addition, each participant serving as an officer of the General Assembly shall contribute, for the same purposes and at the same rates as are required of a regular participant, on each additional payment received as an officer. If the participant serves as an officer for at least 2 but less than 4 years, he or she shall contribute an amount equal to the amount that would have been contributed had the participant served as an officer for 4 years. Persons who serve as officers in the

87th General Assembly but cannot receive the additional payment to officers because of the ban on increases in salary during their terms may nonetheless make contributions based on those additional payments for the purpose of having the additional payments included in their highest salary for annuity purposes; however, persons electing to make these additional contributions must also pay an amount representing the corresponding employer contributions, as calculated by the System.

(e) Notwithstanding any other provision of this Article, the required contribution of a participant who first becomes a participant on or after January 1, 2011 shall not exceed the contribution that would be due under this Article if that participant's highest salary for annuity purposes were $106,800, plus any increases in that amount under Section 2-108.1.

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

(40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

Sec. 14-114. Automatic increase in retirement annuity.

(a) Subject to the provisions of subsection (a-5):

Any person receiving a retirement annuity under this Article who retires having attained age 60, or who retires before age 60 having at least 35 years of creditable service, or who retires on or after January 1, 2001 at an age which, when added to the number of years of his or her creditable service, equals at least 85, shall, on January 1 next following the first full year of retirement, have the amount of the then fixed and payable monthly retirement annuity increased 3%. Any person receiving a retirement annuity under this Article who retires before attainment of age 60 and with less than (i) 35 years of creditable service if retirement is before January 1, 2001, or (ii) the number of years of creditable service which, when added to the member's age, would equal 85, if retirement is on or after January 1, 2001, shall have the amount of the fixed and payable retirement annuity increased by 3% on the January 1 occurring on or next following (1) attainment of age 60, or (2) the first anniversary of retirement, whichever occurs later. However, for persons who receive the alternative retirement annuity under Section 14-110, references in this subsection (a) to attainment of age 60 shall be deemed to refer to attainment of age 55. For a person receiving early retirement incentives under Section 14-108.3 whose retirement annuity began after January 1, 1992 pursuant to an extension granted under subsection (e) of that Section, the first anniversary of retirement shall be deemed to be January 1, 1993. For a person who retires on or after June 28, 2001 and on or before October 1, 2001, and whose retirement annuity is calculated, in whole or in part, under Section 14-110 or subsection (g) or (h) of Section 14-108, the first anniversary of retirement shall be deemed to be January 1, 2002.

On each January 1 following the date of the initial increase under this subsection, the employee's monthly retirement annuity shall be increased by an additional 3%.

Beginning January 1, 1990 and until the effective date of this amendatory Act of the 98th General Assembly, all automatic annual increases payable under this Section shall be calculated as a percentage of the total annuity payable at the time of the increase, including previous increases granted under this Article.

(a-5) Notwithstanding any other provision of this Article, the amount of each automatic annual increase in retirement annuity occurring on or after the effective date of this amendatory Act of the 98th General Assembly shall be 3% or one-half of the annual unadjusted percentage increase, if any, in the Consumer Price Index-U for the 12 months ending with the preceding September, whichever is less, of the first $25,000 of the retirement annuity. For the purposes of this Section, "Consumer Price Index-U" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. This limitation is applicable without regard to whether the annuitant was in service on or after that effective date.

(b) The provisions of subsection (a) of this Section shall be applicable to an employee only if the employee makes the additional contributions required after December 31, 1969 for the purpose of the automatic increases for not less than the equivalent of one full year. If an employee becomes an annuitant before his additional contributions equal one full year's contributions based on his salary at the date of retirement, the employee may pay the necessary balance of the contributions to the system, without interest, and be eligible for the increasing annuity authorized by this Section.

(c) The provisions of subsection (a) of this Section shall not be applicable to any annuitant who is on retirement on December 31, 1969, and thereafter returns to State service, unless the member has established at least one year of additional creditable service following reentry into service.

(d) In addition to other increases which may be provided by this Section, on January 1, 1981 any annuitant who was receiving a retirement annuity on or before January 1, 1971 shall have his retirement annuity then being paid increased $1 per month for each year of creditable service. On January 1, 1982, any annuitant who began receiving a retirement annuity on or before January 1, 1977, shall have his retirement annuity then being paid increased $1 per month for each year of creditable service.

On January 1, 1987, any annuitant who began receiving a retirement annuity on or before January 1, 1977, shall have the monthly retirement annuity increased by an amount equal to 8¢ per year of creditable service times the number of years that have elapsed since the annuity began.

(e) Every person who receives the alternative retirement annuity under Section 14-110 and who is eligible to receive the 3% increase under subsection (a) on January 1, 1986, shall also receive on that date a one-time increase in retirement annuity equal to the difference between (1) his actual retirement annuity on that date, including any increases received under subsection (a), and (2) the amount of retirement annuity he would have received on that date if the amendments to subsection (a) made by Public Act 84-162 had been in effect since the date of his retirement.

(Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01; 92-651, eff. 7-11-02.)

(40 ILCS 5/14-131)

Sec. 14-131. Contributions by State.

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

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

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

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

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

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

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

(c-2) For State fiscal years 2010, 2012, and 2013 only, on or as soon as possible after the 15th day of each month, the Board shall submit vouchers for payment of State contributions to the System, in a total monthly amount of one-twelfth of the fiscal year General Revenue Fund contribution as certified by the System pursuant to Section 14-135.08 of the Illinois Pension Code.

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

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

Pursuant to Article XIII of the 1970 Constitution of the State of Illinois, beginning on July 1, 2013, the State shall, as a retirement benefit to each participant and annuitant of the System be contractually obligated to the System (as a fiduciary and trustee of the participants and annuitants) to pay the Annual Required State Contribution, as determined by the Board of the System using generally accepted actuarial principles, as is necessary to bring the total assets of the System up to 100% of the total actuarial liabilities of the System by the end of State fiscal year 2045. As a further retirement benefit and contractual obligation, each fiscal year, the State shall pay to each designated retirement system the Annual Required State Contribution certified by the Board for that fiscal year. Payments of the Annual Required State Contribution for each fiscal year shall be made in equal monthly installments. This Section, and the security it provides to participants and annuitants is intended to be, and is, a contractual right that is part of the pension benefits provided to the participants and annuitants. Notwithstanding anything to the contrary in the Court of Claims Act or any other law, a designated retirement system has the exclusive right to and shall bring a Mandamus action in the Circuit Court of Champaign County against the State to compel the State to make any installment of the Annual Required State Contribution required by this Section, irrespective of other remedies that may be available to the System. Each member or annuitant of the System has the right to bring a Mandamus action against the System in the Circuit Court in any judicial district in which the System maintains an office if the System fails to bring an action specified in this Section, irrespective of other remedies that may be available to the member or annuitant.

Any payments required to be made by the State pursuant to this subsection (e) are expressly subordinated to the payment of the principal, interest, and premium, if any, on any bonded debt obligation of the State or any other State-created entity, either currently outstanding or to be issued, for which the source of repayment or security thereon is derived directly or indirectly from tax revenues collected by the State or any other State-created entity. Payments on such bonded obligations include any statutory fund transfers or other prefunding mechanisms or formulas set forth, now or hereafter, in State law or bond indentures, into debt service funds or accounts of the State related to such bonded obligations, consistent with the payment schedules associated with such obligations.

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

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

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

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

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

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

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 14-135.08, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

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

Fiscal Year 2004 Overpayment shall be repaid by the System to the Pension Contribution Fund as soon as practicable after the certification.

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

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

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

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

(j) After the submission of all payments for eligible employees from personal services line items paid from the General Revenue Fund in fiscal year 2011 have been made, the Comptroller shall provide to the System a certification of the sum of all fiscal year 2011 expenditures for personal services that would have been covered by payments to the System under this Section if the provisions of this amendatory Act of the 96th General Assembly had not been enacted. Upon receipt of the certification, the System shall determine the amount due to the System based on the full rate certified by the Board under Section 14-135.08 for fiscal year 2011 in order to meet the

State's obligation under this Section. The System shall compare this amount due to the amount received by the System in fiscal year 2011 through payments under this Section. If the amount due is more than the amount received, the difference shall be termed the "Fiscal Year 2011 Shortfall" for purposes of this Section, and the Fiscal Year 2011 Shortfall shall be satisfied under Section 1.2 of the State Pension Funds Continuing Appropriation Act. If the amount due is less than the amount received, the difference shall be termed the "Fiscal Year 2011 Overpayment" for purposes of this Section, and the Fiscal Year 2011 Overpayment shall be repaid by the System to the General Revenue Fund as soon as practicable after the certification.

(k) For fiscal years 2012 and 2013 only, after the submission of all payments for eligible employees from personal services line items paid from the General Revenue Fund in the fiscal year have been made, the Comptroller shall provide to the System a certification of the sum of all expenditures in the fiscal year for personal services. Upon receipt of the certification, the System shall determine the amount due to the System based on the full rate certified by the Board under Section 14-135.08 for the fiscal year in order to meet the State's obligation under this Section. The System shall compare this amount due to the amount received by the System for the fiscal year. If the amount due is more than the amount received, the difference shall be termed the "Prior Fiscal Year Shortfall" for purposes of this Section, and the Prior Fiscal

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

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

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

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

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

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

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

(3) Noncovered employees serving in a position in which "eligible creditable service" as defined in Section 14-110 may be earned, 1% for a widow or survivors annuity plus the

following amount for retirement annuity: 8.5% through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5% in 2004 and thereafter;

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

(5) Each security employee of the Department of Corrections or of the Department of Human Services who is a covered employee, 0.5% for a widow or survivors annuity plus the following amount for retirement annuity: 5% through December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004 and thereafter;

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

(a-5) In addition to the contributions otherwise required under this Article, each member shall also make the following contributions for retirement annuity from each payment of compensation:

(1) beginning July 1, 2013 and through June 30, 2014,

1% of compensation; and

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

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

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

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

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

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

Rule 1: The retirement annuity shall be 1.67% of final rate of earnings for each of the first 10 years of service, 1.90% for each of the next 10 years of service, 2.10% for each year of service in excess of 20 but not exceeding 30, and 2.30% for each year in excess of 30; or for persons who retire on or after January 1, 1998, 2.2% of the final rate of earnings for each year of service.

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

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

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

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

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

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

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

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

Rule 3: The retirement annuity of a participant who is employed at least one-half time during the period on which his or her final rate of earnings is based, shall be equal to the participant's years of service not to exceed 30, multiplied by (1) $96 if the participant's final rate of earnings is less than $3,500, (2) $108 if the final rate of earnings is at least $3,500 but less than $4,500, (3) $120 if the final rate of earnings is at least $4,500 but less than $5,500, (4) $132 if the final rate of earnings is at least $5,500 but less than $6,500, (5) $144 if the final rate of earnings is at least $6,500 but less than $7,500, (6) $156 if the final rate of earnings is at least $7,500 but less than $8,500, (7) $168 if the final rate of earnings is at least $8,500 but less than $9,500, and (8) $180 if the final rate of earnings is $9,500 or more, except that the annuity for those persons having made an election under Section 15-154(a-1) shall be calculated and payable under the portable retirement benefit program pursuant to the provisions of Section 15-136.4.

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

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

(i) service that is performed while the person is an employee under subsection (h) of Section 15-107; and

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

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

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

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

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

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

With respect to a participant who is qualified for a retirement annuity under this Rule 5 whose retirement annuity began before the effective date of this amendatory Act of the 91st General Assembly, and for whom an employee contribution was made under Section 15-136.2, the System shall recalculate the retirement annuity under this Rule 5 and shall pay any additional amounts due in the manner provided in Section 15-186.1 for benefits mistakenly set too low.

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

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

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

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

(1) For a disabled participant whose disability benefits have been discontinued because he or she has exhausted eligibility for disability benefits under clause

(6) of Section 15-152;

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

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

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

(d) Subject to the provisions of subsection (d-5):

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

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

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

Beginning January 1, 1990 and until the effective date of this amendatory Act of the 98th General Assembly, all automatic annual increases payable under this Section shall be calculated as a percentage of the total annuity payable at the time of the increase, including all increases previously granted under this Article.

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

(d-5) Notwithstanding any other provision of this Article, the amount of each automatic annual increase in retirement annuity occurring on or after the effective date of this amendatory Act of the 98th General Assembly shall be 3% or one-half of the annual unadjusted percentage increase, if any, in the Consumer Price Index-U for the 12 months ending with the preceding September, whichever is less, of the first $25,000 of the retirement annuity. For the purposes of this Section, "Consumer Price Index-U" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. This limitation is applicable without regard to whether the annuitant was in service on or after that effective date.

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

(f) A participant is entitled to such additional annuity as may be provided on an actuarially equivalent basis, by any accumulated additional contributions to his or her credit. However, the additional contributions made by the participant toward the automatic increases in annuity provided under this Section shall not be taken into account in determining the amount of such additional annuity.

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

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

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

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

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

Sec. 15-155. Employer contributions.

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

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

(a-1) For State fiscal years 2012 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 100% ~~90%~~ of the total actuarial liabilities of the System by the end of State fiscal year 2045. ~~In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.~~

Pursuant to Article XIII of the 1970 Constitution of the State of Illinois, beginning on July 1, 2013, the State shall, as a retirement benefit to each participant and annuitant of the System be contractually obligated to the System (as a fiduciary and trustee of the participants and annuitants) to pay the Annual Required State Contribution, as determined by the Board of the System using generally accepted actuarial principles, as is necessary to bring the total assets of the System up to 100% of the total actuarial liabilities of the System by the end of State fiscal year 2045. As a further retirement benefit and contractual obligation, each fiscal year, the State shall pay to each designated retirement system the Annual Required State Contribution certified by the Board for that fiscal year. Payments of the Annual Required State Contribution for each fiscal year shall be made in equal monthly installments. This Section, and the security it provides to participants and annuitants is intended to be, and is, a contractual right that is part of the pension benefits provided to the participants and annuitants. Notwithstanding anything to the contrary in the Court of Claims Act or any other law, a designated retirement system has the exclusive right to and shall bring a Mandamus action in the Circuit Court of Champaign County against the State to compel the State to make any installment of the Annual Required State Contribution required by this Section, irrespective of other remedies that may be available to the System. Each member or annuitant of the System has the right to bring a Mandamus action against the System in the Circuit Court in any judicial district in which the System maintains an office if the System fails to bring an action specified in this Section, irrespective of other remedies that may be available to the member or annuitant.

Any payments required to be made by the State pursuant to this subsection (a-1) are expressly subordinated to the payment of the principal, interest, and premium, if any, on any bonded debt obligation of the State or any other State-created entity, either currently outstanding or to be issued, for which the source of repayment or security thereon is derived directly or indirectly from tax revenues collected by the State or any other State-created entity. Payments on such bonded obligations include any statutory fund transfers or other prefunding mechanisms or formulas set forth, now or hereafter, in State law or bond indentures, into debt service funds or accounts of the State related to such bonded obligations, consistent with the payment schedules associated with such obligations.

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

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

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

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

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

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

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

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 15-165, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 15-157. Employee Contributions.

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

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

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

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

(c-5) In addition to the contributions otherwise required under this Article, each participant shall also make the following contributions toward the retirement benefits payable under the retirement program applicable to the employee from each payment of earnings applicable to employment under this system:

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

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

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

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

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

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

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

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

(40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

Sec. 16-133.1. Automatic annual increase in annuity.

(a) Each member with creditable service and retiring on or after August 26, 1969 is entitled to the automatic annual increases in annuity provided under this Section while receiving a retirement annuity or disability retirement annuity from the system.

An annuitant shall first be entitled to an initial increase under this Section on the January 1 next following the first anniversary of retirement, or January 1 of the year next following attainment of age 61, whichever is later. At such time, the system shall pay an initial increase determined as follows <u>but subject to subsection (a-5)</u>:

(1) 1.5% of the originally granted retirement annuity or disability retirement annuity multiplied by the number of years elapsed, if any, from the date of retirement until January 1, 1972, plus

(2) 2% of the originally granted annuity multiplied by the number of years elapsed, if any, from the date of retirement or January 1, 1972, whichever is later, until January 1, 1978, plus

(3) 3% of the originally granted annuity multiplied by the number of years elapsed from the date of retirement or January 1, 1978, whichever is later, until the effective date of the initial increase.

However, the initial annual increase calculated under this Section for the recipient of a disability retirement annuity granted under Section 16-149.2 shall be reduced by an amount equal to the total of all increases in that annuity received under Section 16-149.5 (but not exceeding 100% of the amount of the initial increase otherwise provided under this Section).

Following the initial increase, automatic annual increases in annuity shall be payable on each January 1 thereafter during the lifetime of the annuitant, determined as a percentage of the originally granted retirement annuity or disability retirement annuity for increases granted prior to January 1, 1990, and calculated as a percentage of the total amount of annuity, including previous increases under this Section, for increases granted on or after January 1, 1990, as follows: 1.5% for periods prior to January 1, 1972, 2% for periods after December 31, 1971 and prior to January 1, 1978, and 3% for periods after December 31, 1977.

(a-5) Notwithstanding any other provision of this Article, the amount of each automatic annual increase in retirement annuity occurring on or after the effective date of this amendatory Act of the 98th General Assembly shall be 3% or one-half of the annual unadjusted percentage increase, if any, in the Consumer Price Index-U for the 12 months ending with the preceding September, whichever is less, of the first $25,000 of the retirement annuity. For the purposes of this Section, "Consumer Price Index-U" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. This limitation is applicable without regard to whether the annuitant was in service on or after that effective date.

(b) The automatic annual increases in annuity provided under this Section shall not be applicable unless a member has made contributions toward such increases for a period equivalent to one full year of creditable service. If a member contributes for service performed after August 26, 1969 but the member becomes an annuitant before such contributions amount to one full year's contributions based on the salary at the date of retirement, he or she may pay the necessary balance of the contributions to the system and be eligible for the automatic annual increases in annuity provided under this Section.

(c) Each member shall make contributions toward the cost of the automatic annual increases in annuity as provided under Section 16-152.

(d) An annuitant receiving a retirement annuity or disability retirement annuity on July 1, 1969, who subsequently re-enters service as a teacher is eligible for the automatic annual increases in annuity provided under this Section if he or she renders at least one year of creditable service following the latest re-entry.

(e) In addition to the automatic annual increases in annuity provided under this Section, an annuitant who meets the service requirements of this Section and whose retirement annuity or disability retirement annuity began on or before January 1, 1971 shall receive, on January 1, 1981, an increase in the annuity then being paid of one dollar per month for each year of creditable service. On January 1, 1982, an annuitant whose retirement annuity or disability retirement annuity began on or before January 1, 1977 shall receive an increase in the annuity then being paid of one dollar per month for each year of creditable service.

On January 1, 1987, any annuitant whose retirement annuity began on or before January 1, 1977, shall receive an increase in the monthly retirement annuity equal to 8¢ per year of creditable service times the number of years that have elapsed since the annuity began.

(Source: P.A. 91-927, eff. 12-14-00.)

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

Sec. 16-152. Contributions by members.

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

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

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

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

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

retirement without discount option as provided in Section 16-176.

(a-5) In addition to the contributions otherwise required under this Article, each member shall also make the following contributions toward the cost of the retirement annuity from each payment of salary:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subject to the conditions set forth in subsection (b-4), the employers under this Article shall be responsible for paying a portion of the normal costs of the System beginning in State fiscal year 2014 and all of the normal costs of the System beginning in State fiscal year 2023.

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

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

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

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

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

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

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

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

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

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

(b-3) For State fiscal years 2012 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 100% ~~90%~~ of the total actuarial liabilities of the System by the end of State fiscal year 2045. ~~In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the~~

~~projected unit credit actuarial cost method.~~

Pursuant to Article XIII of the 1970 Constitution of the State of Illinois, beginning on July 1, 2013, the State shall, as a retirement benefit to each participant and annuitant of the System be contractually obligated to the System (as a fiduciary and trustee of the participants and annuitants) to pay the Annual Required State Contribution, as determined by the Board of the System using generally accepted actuarial principles, as is necessary to bring the total assets of the System up to 100% of the total actuarial liabilities of the System by the end of State fiscal year 2045. As a further retirement benefit and contractual obligation, each fiscal year, the State shall pay to each designated retirement system the Annual Required State Contribution certified by the Board for that fiscal year. Payments of the Annual Required State Contribution for each fiscal year shall be made in equal monthly installments. This Section, and the security it provides to participants and annuitants is intended to be, and is, a contractual right that is part of the pension benefits provided to the participants and annuitants. Notwithstanding anything to the contrary in the Court of Claims Act or any other law, a designated retirement system has the exclusive right to and shall bring a Mandamus action in the Circuit Court of Champaign County against the State to compel the State to make any installment of the Annual Required State Contribution required by this Section, irrespective of other remedies that may be available to the System. Each member or annuitant of the System has the right to bring a Mandamus action against the System in the Circuit Court in any judicial district in which the System maintains an office if the System fails to bring an action specified in this Section, irrespective of other remedies that may be available to the member or annuitant.

Any payments required to be made by the State pursuant to this subsection (b-3) are expressly subordinated to the payment of the principal, interest, and premium, if any, on any bonded debt obligation of the State or any other State-created entity, either currently outstanding or to be issued, for which the source of repayment or security thereon is derived directly or indirectly from tax revenues collected by the State or any other State-created entity. Payments on such bonded obligations include any statutory fund transfers or other prefunding mechanisms or formulas set forth, now or hereafter, in State law or bond indentures, into debt service funds or accounts of the State related to such bonded obligations, consistent with the payment schedules associated with such obligations.

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

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

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

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

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

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2011 is the amount recertified by the System on or before April 1, 2011 pursuant to subsection (a-1) of this Section and shall be made from the proceeds of bonds sold in fiscal year 2011 pursuant to Section 7.2 of the General Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the Common School Fund in fiscal year 2011, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable. This amount shall include, in addition to the amount certified by the System, an amount necessary to meet employer contributions required by the State as an employer under paragraph (e) of this Section, which may also be used by the System for contributions required by paragraph (a) of Section 16-127.

Beginning in State fiscal year 2046, the minimum State contribution for each fiscal year shall be the amount needed to maintain the total assets of the System at <u>100%</u> ~~90%~~ of the total actuarial liabilities of the System.

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under subsection (a-1), shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

(b-4) Beginning in State fiscal year 2014, the minimum required contribution of employers under this Article shall be the following percentages of payroll, but only if, for the specified State fiscal year, the State provides full funding at the State fiscal year 2010 level for the mandates set forth in the School Breakfast and Lunch Program Act and Article 14 and Sections 18-3, 18-4.3, and 29-5 of the School Code:

(i) for State fiscal year 2014, 0.5% of the- employer's payroll for that fiscal year;

(ii) for State fiscal year 2015, 1.0% of the employer's payroll for that fiscal year; and

(iii) for State fiscal year 2016, 2.0% of the employer's payroll for that fiscal year;

(iv) for State fiscal year 2017, 3.0% of the employer's payroll for that fiscal year;

(v) for State fiscal year 2018, 4.0% of the employer's payroll for that fiscal year;

(vi) for State fiscal year 2019, 5.0% of the employer's payroll for that fiscal year;

(vii) for State fiscal year 2020, 6.0% of the employer's payroll for that fiscal year;

(viii) for State fiscal year 2021, 7.0% of the employer's payroll for that fiscal year;

(ix) for State fiscal year 2022, 8.0% of the employer's payroll for that fiscal year; and

(x) for State fiscal year 2023 and each State fiscal year thereafter, 9.0% of the employer's payroll for that fiscal year.

If the State does not provide, for a State fiscal year, full funding at the State fiscal year 2010 level for the mandates set forth in the School Breakfast and Lunch Program Act and Article 14 and Sections 18-3, 18-4.3, and 29-5 of the School Code, then the employers shall not be required to make a contribution under this subsection (b-4) for that State fiscal year.

Notwithstanding any other provision of this subsection (b-4), the minimum required contribution under this Section for a fiscal year shall not exceed the System's normal costs for that year.

Whenever it determines that a payment is or may be required under this subsection (b-4), the System shall calculate the amount of the payment and bill the employer for that amount. The bill shall specify the calculations used to determine the amount due. If the employer disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to the System in writing for a recalculation. The application must specify in detail the grounds of the dispute. Upon receiving a timely application for recalculation, the System shall review the application and, if appropriate, recalculate the amount due.

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

The purpose of this subsection (b-4) is to shift certain pension-related costs to employers while lessening the effects of unfunded State mandates in order to ensure the financial stability of affected employers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(40 ILCS 5/18-125.1) (from Ch. 108 1/2, par. 18-125.1)

Sec. 18-125.1. Automatic increase in retirement annuity.

(a) A participant who retires from service after June 30, 1969, shall, in January of the year next following the year in which the first anniversary of retirement occurs, and in January of each year thereafter, have the amount of his or her originally granted retirement annuity increased as follows<u>, but subject to subsection (a-5)</u>: for each year up to and including 1971, 1 1/2%; for each year from 1972 through 1979 inclusive, 2%; and for 1980 and each year thereafter, 3%.

<u>(a-5) Notwithstanding any other provision of this Article, the amount of each automatic annual increase in retirement annuity occurring on or after the effective date of this amendatory Act of the 98th General Assembly shall be 3% or one-half of the annual unadjusted percentage increase, if any, in the Consumer Price Index-U for the 12 months ending with the preceding September, whichever is less, of the first $25,000 of the retirement annuity. For the purposes of this Section, "Consumer Price Index-U" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. This limitation is applicable without regard to whether the annuitant was in service on or after that effective date.</u>

<u>(b) Subject to subsection (a-5), but notwithstanding</u> ~~Notwithstanding~~ any other provision of this Article, a retirement annuity for a participant who first serves as a judge on or after January 1, 2011 (the effective date of Public Act 96-889) shall be increased in January of the year next

following the year in which the first anniversary of retirement occurs, but in no event prior to age 67, and in January of each year thereafter, by an amount equal to 3% or the annual percentage increase in the consumer price index-u as determined by the Public Pension Division of the Department of Insurance under subsection (b-5) of Section 18-125, whichever is less, of the retirement annuity then being paid.

(c) This Section is not applicable to a participant who retires before he or she has made contributions at the rate prescribed in Section 18-133 for automatic increases for not less than the equivalent of one full year, unless such a participant arranges to pay the system the amount required to bring the total contributions for the automatic increase to the equivalent of one year's contribution based upon his or her last year's salary.

(d) This Section is applicable to all participants in service after June 30, 1969 unless a participant has elected, prior to September 1, 1969, in a written direction filed with the board not to be subject to the provisions of this Section. Any participant in service on or after July 1, 1992 shall have the option of electing prior to April 1, 1993, in a written direction filed with the board, to be covered by the provisions of the 1969 amendatory Act. Such participant shall be required to make the aforesaid additional contributions with compound interest at 4% per annum.

(e) Any participant who has become eligible to receive the maximum rate of annuity and who resumes service as a judge after receiving a retirement annuity under this Article shall have the amount of his or her retirement annuity increased by 3% of the originally granted annuity amount for each year of such resumed service, beginning in January of the year next following the date of such resumed service, upon subsequent termination of such resumed service.

(f) Beginning January 1, 1990 and until the effective date of this amendatory Act of the 98th General Assembly, all automatic annual increases payable under this Section shall be calculated as a percentage of the total annuity payable at the time of the increase, including previous increases granted under this Article.

(Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

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

Sec. 18-131. Financing; employer contributions.

(a) The State of Illinois shall make contributions to this System by appropriations of the amounts which, together with the contributions of participants, net earnings on investments, and other income, will meet the costs of maintaining and administering this System on a 100% ~~90%~~ funded basis in accordance with actuarial recommendations.

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

(c) For State fiscal years 2012 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 100% ~~90%~~ of the total actuarial liabilities of the System by the end of State fiscal year 2045. ~~In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.~~

Pursuant to Article XIII of the 1970 Constitution of the State of Illinois, beginning on July 1, 2013, the State shall, as a retirement benefit to each participant and annuitant of the System be contractually obligated to the System (as a fiduciary and trustee of the participants and annuitants) to pay the Annual Required State Contribution, as determined by the Board of the System using generally accepted actuarial principles, as is necessary to bring the total assets of the System up to 100% of the total actuarial liabilities of the System by the end of State fiscal year 2045. As a further retirement benefit and contractual obligation, each fiscal year, the State shall pay to each designated retirement system the Annual Required State Contribution certified by the Board for that fiscal year. Payments of the Annual Required State

Contribution for each fiscal year shall be made in equal monthly installments. This Section, and the security it provides to participants and annuitants is intended to be, and is, a contractual right that is part of the pension benefits provided to the participants and annuitants. Notwithstanding anything to the contrary in the Court of Claims Act or any other law, a designated retirement system has the exclusive right to and shall bring a Mandamus action in the Circuit Court of Champaign County against the State to compel the State to make any installment of the Annual Required State Contribution required by this Section, irrespective of other remedies that may be available to the System. Each member or annuitant of the System has the right to bring a Mandamus action against the System in the Circuit Court in any judicial district in which the System maintains an office if the System fails to bring an action specified in this Section, irrespective of other remedies that may be available to the member or annuitant.

Any payments required to be made by the State pursuant to this subsection (c) are expressly subordinated to the payment of the principal, interest, and premium, if any, on any bonded debt obligation of the State or any other State-created entity, either currently outstanding or to be issued, for which the source of repayment or security thereon is derived directly or indirectly from tax revenues collected by the State or any other State-created entity. Payments on such bonded obligations include any statutory fund transfers or other prefunding mechanisms or formulas set forth, now or hereafter, in State law or bond indentures, into debt service funds or accounts of the State related to such bonded obligations, consistent with the payment schedules associated with such obligations.

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

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

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

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

Notwithstanding any other provision of this Article, the total required State contribution for State fiscal year 2010 is $78,832,000 and shall be made from the proceeds of bonds sold in fiscal year 2010 pursuant to Section 7.2 of the General

Obligation Bond Act, less (i) the pro rata share of bond sale expenses determined by the System's share of total bond proceeds, (ii) any amounts received from the General Revenue Fund in fiscal year 2010, and (iii) any reduction in bond proceeds due to the issuance of discounted bonds, if applicable.

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

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

Amounts received by the System pursuant to Section 25 of the Budget Stabilization Act or Section 8.12 of the State Finance Act in any fiscal year do not reduce and do not constitute payment of any portion of the minimum State contribution required under this Article in that fiscal year.

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 18-140, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

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

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

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

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

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

Sec. 18-133. Financing; employee contributions.

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

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

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

(3) A participant who (i) has attained age 60, (ii)

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

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

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

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

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

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

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

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

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

(30 ILCS 805/8.37 new)

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

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

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Statutes amended in order of appearance

40 ILCS 5/1-103.3	
40 ILCS 5/2-119.1	from Ch. 108 1/2, par. 2-119.1
40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
40 ILCS 5/2-126	from Ch. 108 1/2, par. 2-126
40 ILCS 5/14-114	from Ch. 108 1/2, par. 14-114
40 ILCS 5/14-131	
40 ILCS 5/14-133	from Ch. 108 1/2, par. 14-133
40 ILCS 5/15-136	from Ch. 108 1/2, par. 15-136
40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
40 ILCS 5/15-157	from Ch. 108 1/2, par. 15-157
40 ILCS 5/16-133.1	from Ch. 108 1/2, par. 16-133.1
40 ILCS 5/16-152	from Ch. 108 1/2, par. 16-152
40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
40 ILCS 5/18-125.1	from Ch. 108 1/2, par. 18-125.1
40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131
40 ILCS 5/18-133	from Ch. 108 1/2, par. 18-133
30 ILCS 805/8.37 new	