



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB2404

Introduced 2/15/2013, by Sen. Linda Holmes

SYNOPSIS AS INTRODUCED:

See Index

Amends the Budget Stabilization Act. Provides for transfers from the General Revenue Fund to the Pension Stabilization Fund according to a specified schedule beginning in FY 2016 and continuing until FY 2045 or until the retirement funds have achieved a 100% funding ratio, whichever is earlier. Amends the General Assembly, State Employee, State Universities and Downstate Teacher Articles of the Illinois Pension Code. Changes the manner in which the annual required State contribution is calculated so that the the affected systems are 100% funded by 2045. Provides that employee contributions to the retirement systems are increased an additional 1% on July 1, 2013 and 2% on July 1, 2014. Provides that the State is contractually obligated to each retirement plan participant and retiree to provide funding to the retirement systems according to the specified amortization schedule beginning in FY 2016 and continuing until FY 2045 or until the retirement funds have achieved a 100% funding ratio, whichever is earlier, in addition to the annual required State contribution certified by the Board for each fiscal year. Provides that each retirement system has the right to bring a mandamus action against the State to compel the State to make any installment of the annual required State contribution certified by the Board and the transfers required under the Budget Stabilization Act. Further provides that if a retirement system shall fail to bring a mandamus action against the State to compel the State to make any required installment, then any participant or retiree may bring such a mandamus action. Effective July 1, 2013.

LRB098 09018 EFG 39154 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

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

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

6 (30 ILCS 122/20)

7 Sec. 20. Pension Stabilization Fund.

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

12 (b) For each fiscal year when the General Assembly's
13 appropriations and transfers or diversions as required by law
14 from general funds do not exceed 99% of the estimated general
15 funds revenues pursuant to subsection (a) of Section 10, the
16 Comptroller shall transfer from the General Revenue Fund as
17 provided by this Section a total amount equal to 0.5% of the
18 estimated general funds revenues to the Pension Stabilization
19 Fund.

20 (c) For each fiscal year through Fiscal Year 2013 when the
21 General Assembly's appropriations and transfers or diversions
22 as required by law from general funds do not exceed 98% of the
23 estimated general funds revenues pursuant to subsection (b) of

1 Section 10, the Comptroller shall transfer from the General
2 Revenue Fund as provided by this Section a total amount equal
3 to 1.0% of the estimated general funds revenues to the Pension
4 Stabilization Fund.

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

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

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

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

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

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

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

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

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

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

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

19 in Fiscal Year 2026, \$882,458,372;

20 in Fiscal Year 2027, \$861,783,372;

21 in Fiscal Year 2028, \$818,658,372;

22 in Fiscal Year 2029, \$779,358,372;

23 in Fiscal Year 2030, \$718,883,372;

24 in Fiscal Year 2031, \$663,508,372;

25 in Fiscal Year 2032, \$638,233,372;

26 in Fiscal Year 2033, \$641,783,372;

1 in Fiscal Year 2034, \$1,797,883,372;

2 in Fiscal Year 2035, \$1,797,883,372;

3 in Fiscal Year 2036, \$1,797,883,372;

4 in Fiscal Year 2037, \$1,797,883,372;

5 in Fiscal Year 2038, \$1,797,883,372;

6 in Fiscal Year 2039, \$1,797,883,372;

7 in Fiscal Year 2040, \$1,797,883,372;

8 in Fiscal Year 2041, \$1,797,883,372;

9 in Fiscal Year 2042, \$1,797,883,372;

10 in Fiscal Year 2043, \$1,797,883,372;

11 in Fiscal Year 2044, \$1,797,883,372; and

12 in Fiscal Year 2045, \$1,797,883,372.

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

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

25 Until Fiscal Year 2014, before ~~Before~~ the final transfer
26 for a fiscal year is made, the Comptroller shall reconcile the

1 estimated general funds revenues used in calculating the other
2 transfers under this Section for that fiscal year with the
3 actual general funds revenues for that fiscal year. The final
4 transfer for the fiscal year shall be adjusted so that the
5 total amount transferred under this Section for that fiscal
6 year is equal to the percentage specified in subsection (b) or
7 (c) of this Section, whichever is applicable, of the actual
8 general funds revenues for that fiscal year. The actual general
9 funds revenues for the fiscal year shall be calculated in a
10 manner consistent with subsection (c) of Section 10 of this
11 Act.

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

13 (30 ILCS 122/25)

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

15 (a) As used in this Section, "designated retirement
16 systems" means:

17 (1) the State Employees' Retirement System of
18 Illinois;

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

21 (3) the State Universities Retirement System;

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

23 (5) the General Assembly Retirement System.

24 (b) As soon as may be practical after any money is
25 deposited into the Pension Stabilization Fund, the State

1 Comptroller shall apportion the deposited amount among the
2 designated retirement systems and the State Comptroller and
3 State Treasurer shall pay the apportioned amounts to the
4 designated retirement systems. The amount deposited shall be
5 apportioned among the designated retirement systems in
6 proportion to their respective certified State contributions
7 for the State fiscal year in which the payment is made to those
8 systems ~~in the same proportion as their respective portions of~~
9 ~~the total actuarial reserve deficiency of the designated~~
10 ~~retirement systems, as most recently determined by the~~
11 ~~Governor's Office of Management and Budget.~~ Amounts received by
12 a designated retirement system under this Section shall be used
13 for funding the unfunded liabilities of the retirement system.
14 Payments under this Section are authorized by the continuing
15 appropriation under Section 1.7 of the State Pension Funds
16 Continuing Appropriation Act.

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

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

1 State contributions required under Section 2-124, 14-131,
2 15-155, 16-158, or 18-131 of the Illinois Pension Code.

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

4 Section 15. The Illinois Pension Code is amended by adding
5 Sections 2-105.1, 2-105.2, 14-103.40, 14-103.41, 15-107.1,
6 15-107.2, 16-106.4, 16-106.5, and 16-158.2 and changing
7 Sections 1-103.3, 2-124, 2-125, 2-126, 14-131, 14-132, 14-133,
8 15-136, 15-155, 15-156, 15-157, 16-133, 16-152, and 16-158 as
9 follows:

10 (40 ILCS 5/1-103.3)

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

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

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

1 ~~that are considered to be financially secure and funded in an~~
2 ~~appropriate and responsible manner.~~

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

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

14 (40 ILCS 5/2-105.1 new)

15 Sec. 2-105.1. Tier I participant. "Tier I participant": A
16 participant who first became a participant before January 1,
17 2011 and who is not a Tier I retiree.

18 (40 ILCS 5/2-105.2 new)

19 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a
20 former Tier I participant who is receiving a retirement
21 annuity.

22 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

23 Sec. 2-124. Contributions by State.

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

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

12 (c) For State fiscal years 2015 through 2045, the minimum
13 contribution to the System to be made by the State for each
14 fiscal year shall be an amount determined by the System to be
15 sufficient to bring the total assets of the System up to 100%
16 of the total actuarial liabilities of the System by the end of
17 State fiscal year 2045. In making these determinations, the
18 required State contribution shall be calculated each year as a
19 level percentage of payroll over the years remaining to and
20 including fiscal year 2045 and shall be determined under the
21 projected unit credit actuarial cost method.

22 For State fiscal years 2012 through 2014 ~~2045~~, the minimum
23 contribution to the System to be made by the State for each
24 fiscal year shall be an amount determined by the System to be
25 sufficient to bring the total assets of the System up to 90% of
26 the total actuarial liabilities of the System by the end of

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

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

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2006 is
13 \$4,157,000.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2007 is
16 \$5,220,300.

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

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2010 is
25 \$10,454,000 and shall be made from the proceeds of bonds sold
26 in fiscal year 2010 pursuant to Section 7.2 of the General

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

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

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

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

1 Such amounts shall not reduce, and shall not be included in the
2 calculation of, the required State contributions under this
3 Article in any future year until the System has reached a
4 funding ratio of at least 80% ~~90%~~. A reference in this Article
5 to the "required State contribution" or any substantially
6 similar term does not include or apply to any amounts payable
7 to the System under Section 25 of the Budget Stabilization Act.

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

19 Notwithstanding any other provision of this Section, the
20 required State contribution for State fiscal year 2005 and for
21 fiscal year 2008 and each fiscal year thereafter through State
22 fiscal year 2014, as calculated under this Section and
23 certified under Section 2-134, shall not exceed an amount equal
24 to (i) the amount of the required State contribution that would
25 have been calculated under this Section for that fiscal year if
26 the System had not received any payments under subsection (d)

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

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

22 As of June 30, 2008, the actuarial value of the System's
23 assets shall be equal to the market value of the assets as of
24 that date. In determining the actuarial value of the System's
25 assets for fiscal years after June 30, 2008, any actuarial
26 gains or losses from investment return incurred in a fiscal

1 year shall be recognized in equal annual amounts over the
2 5-year period following that fiscal year.

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

7 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
8 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
9 7-13-12.)

10 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

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

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

16 (b) All income, interest and dividends derived from
17 deposits and investments shall be credited to the account of
18 the system in the State Treasury and used to pay benefits under
19 this Article.

20 (c) Pursuant to Article XIII, Section 5 of the 1970
21 Constitution of the State of Illinois, beginning on July 1,
22 2013, the State shall, as a retirement benefit to each
23 participant and annuitant of the System be contractually
24 obligated to the System (as a fiduciary and trustee of the
25 participants and annuitants) to pay the annual required State

1 contribution, as determined by the Board of the System using
2 generally accepted actuarial principles, as is necessary to
3 bring the total assets of the System up to 100% of the total
4 actuarial liabilities of the System by the end of State fiscal
5 year 2045. As a further retirement benefit and contractual
6 obligation, each fiscal year, the State shall pay to each
7 designated retirement system the annual required State
8 contribution certified by the Board for that fiscal year.
9 Payments of the annual required State contribution for each
10 fiscal year shall be made in equal monthly installments.
11 Additionally, beginning in fiscal year 2014, State transfers to
12 the Pension Stabilization Fund pursuant to Section 20 of the
13 Budget Stabilization Act and payments to the System pursuant to
14 Section 25 of the Budget Stabilization Act shall be further
15 retirement benefits and contractual obligations. The transfers
16 and payments prescribed in Sections 20 and 25 of the Budget
17 Stabilization Act shall not be used by the retirement system
18 when calculation any pension payment until the System has
19 reached a funded level of 100%. This Section and the security
20 it provides to participants and annuitants is intended to be,
21 and is, a contractual right that is part of the pension
22 benefits provided to the participants and annuitants.
23 Notwithstanding anything to the contrary in the Court of Claims
24 Act or any other law, a designated retirement system has the
25 exclusive right to and shall bring a mandamus action in the
26 Circuit Court of Sangamon County against the State to compel

1 the State to make any installment of the annual required State
2 contribution required by this Section, irrespective of other
3 remedies that may be available to the System. Each member or
4 annuitant of the System has the right to in any judicial
5 district in which the System maintains an office if the System
6 fails to bring an action specified in this Section,
7 irrespective of other remedies that may be available to the
8 member or annuitant. In making these determinations, the
9 required State contribution shall be calculated each year as a
10 level percentage of payroll over the years remaining to and
11 including fiscal year 2045 and shall be determined under the
12 projected unit credit actuarial cost method.

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

14 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

15 Sec. 2-126. Contributions by participants.

16 (a) Each participant shall contribute toward the cost of
17 his or her retirement annuity a percentage of each payment of
18 salary received by him or her for service as a member as
19 follows: for service between October 31, 1947 and January 1,
20 1959, 5%; for service between January 1, 1959 and June 30,
21 1969, 6%; for service between July 1, 1969 and January 10,
22 1973, 6 1/2%; for service after January 10, 1973, 7%; for
23 service after December 31, 1981, 8 1/2%.

24 (a-5) In addition to the contributions otherwise required
25 under this Article, each Tier I participant shall also make the

1 following contributions toward the cost of his or her
2 retirement annuity from each payment of salary received by him
3 or her for service as a member:

4 (1) beginning July 1, 2013 and through June 30, 2014,
5 1% of salary; and

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

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

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

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

25 (d) In addition, each participant serving as an officer of
26 the General Assembly shall contribute, for the same purposes

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

16 (e) Notwithstanding any other provision of this Article,
17 the required contribution of a participant who first becomes a
18 participant on or after January 1, 2011 shall not exceed the
19 contribution that would be due under this Article if that
20 participant's highest salary for annuity purposes were
21 \$106,800, plus any increases in that amount under Section
22 2-108.1.

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

24 (40 ILCS 5/14-103.40 new)

25 Sec. 14-103.40. Tier I member. "Tier I member": A member of

1 this System who first became a member or participant before
2 January 1, 2011 under any reciprocal retirement system or
3 pension fund established under this Code other than a
4 retirement system or pension fund established under Article 2,
5 3, 4, 5, 6, or 18 of this Code and who is not a Tier I retiree.

6 (40 ILCS 5/14-103.41 new)

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

9 (40 ILCS 5/14-131)

10 Sec. 14-131. Contributions by State.

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

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

23 (b) The Board shall determine the total amount of State
24 contributions required for each fiscal year on the basis of the

1 actuarial tables and other assumptions adopted by the Board,
2 using the formula in subsection (e).

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

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

21 (c) Contributions shall be made by the several departments
22 for each pay period by warrants drawn by the State Comptroller
23 against their respective funds or appropriations based upon
24 vouchers stating the amount to be so contributed. These amounts
25 shall be based on the full rate certified by the Board under
26 Section 14-135.08 for that fiscal year. From the effective date

1 of this amendatory Act of the 93rd General Assembly through the
2 payment of the final payroll from fiscal year 2004
3 appropriations, the several departments shall not make
4 contributions for the remainder of fiscal year 2004 but shall
5 instead make payments as required under subsection (a-1) of
6 Section 14.1 of the State Finance Act. The several departments
7 shall resume those contributions at the commencement of fiscal
8 year 2005.

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

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

23 (d) If an employee is paid from trust funds or federal
24 funds, the department or other employer shall pay employer
25 contributions from those funds to the System at the certified
26 rate, unless the terms of the trust or the federal-State

1 agreement preclude the use of the funds for that purpose, in
2 which case the required employer contributions shall be paid by
3 the State. From the effective date of this amendatory Act of
4 the 93rd General Assembly through the payment of the final
5 payroll from fiscal year 2004 appropriations, the department or
6 other employer shall not pay contributions for the remainder of
7 fiscal year 2004 but shall instead make payments as required
8 under subsection (a-1) of Section 14.1 of the State Finance
9 Act. The department or other employer shall resume payment of
10 contributions at the commencement of fiscal year 2005.

11 (e) For State fiscal years 2015 through 2045, the minimum
12 contribution to the System to be made by the State for each
13 fiscal year shall be an amount determined by the System to be
14 sufficient to bring the total assets of the System up to 100%
15 of the total actuarial liabilities of the System by the end of
16 State fiscal year 2045. In making these determinations, the
17 required State contribution shall be calculated each year as a
18 level percentage of payroll over the years remaining to and
19 including fiscal year 2045 and shall be determined under the
20 projected unit credit actuarial cost method.

21 For State fiscal years 2012 through 2014 ~~2045~~, the minimum
22 contribution to the System to be made by the State for each
23 fiscal year shall be an amount determined by the System to be
24 sufficient to bring the total assets of the System up to 90% of
25 the total actuarial liabilities of the System by the end of
26 State fiscal year 2045. In making these determinations, the

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

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

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

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

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

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

20 Notwithstanding any other provision of this Article, the
21 total required State General Revenue Fund contribution for
22 State fiscal year 2011 is the amount recertified by the System
23 on or before April 1, 2011 pursuant to Section 14-135.08 and
24 shall be made from the proceeds of bonds sold in fiscal year
25 2011 pursuant to Section 7.2 of the General Obligation Bond
26 Act, less (i) the pro rata share of bond sale expenses

1 determined by the System's share of total bond proceeds, (ii)
2 any amounts received from the General Revenue Fund in fiscal
3 year 2011, and (iii) any reduction in bond proceeds due to the
4 issuance of discounted bonds, if applicable.

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

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

21 Notwithstanding any other provision of this Code or the
22 Budget Stabilization Act, amounts transferred to the System
23 pursuant to the Budget Stabilization Act after the effective
24 date of this amendatory Act of the 98th General Assembly do not
25 reduce and do not constitute payment of any portion of the
26 required State contribution under this Article in that fiscal

1 year. Such amounts shall not reduce, and shall not be included
2 in the calculation of, the required State contributions under
3 this Article in any future year until the System has received
4 payment of contributions pursuant to the Budget Stabilization
5 Act.

6 Notwithstanding any other provision of this Section, the
7 required State contribution for State fiscal year 2005 and for
8 fiscal year 2008 and each fiscal year thereafter through State
9 fiscal year 2014, as calculated under this Section and
10 certified under Section 14-135.08, shall not exceed an amount
11 equal to (i) the amount of the required State contribution that
12 would have been calculated under this Section for that fiscal
13 year if the System had not received any payments under
14 subsection (d) of Section 7.2 of the General Obligation Bond
15 Act, minus (ii) the portion of the State's total debt service
16 payments for that fiscal year on the bonds issued in fiscal
17 year 2003 for the purposes of that Section 7.2, as determined
18 and certified by the Comptroller, that is the same as the
19 System's portion of the total moneys distributed under
20 subsection (d) of Section 7.2 of the General Obligation Bond
21 Act. In determining this maximum for State fiscal years 2008
22 through 2010, however, the amount referred to in item (i) shall
23 be increased, as a percentage of the applicable employee
24 payroll, in equal increments calculated from the sum of the
25 required State contribution for State fiscal year 2007 plus the
26 applicable portion of the State's total debt service payments

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

5 (f) After the submission of all payments for eligible
6 employees from personal services line items in fiscal year 2004
7 have been made, the Comptroller shall provide to the System a
8 certification of the sum of all fiscal year 2004 expenditures
9 for personal services that would have been covered by payments
10 to the System under this Section if the provisions of this
11 amendatory Act of the 93rd General Assembly had not been
12 enacted. Upon receipt of the certification, the System shall
13 determine the amount due to the System based on the full rate
14 certified by the Board under Section 14-135.08 for fiscal year
15 2004 in order to meet the State's obligation under this
16 Section. The System shall compare this amount due to the amount
17 received by the System in fiscal year 2004 through payments
18 under this Section and under Section 6z-61 of the State Finance
19 Act. If the amount due is more than the amount received, the
20 difference shall be termed the "Fiscal Year 2004 Shortfall" for
21 purposes of this Section, and the Fiscal Year 2004 Shortfall
22 shall be satisfied under Section 1.2 of the State Pension Funds
23 Continuing Appropriation Act. If the amount due is less than
24 the amount received, the difference shall be termed the "Fiscal
25 Year 2004 Overpayment" for purposes of this Section, and the
26 Fiscal Year 2004 Overpayment shall be repaid by the System to

1 the Pension Contribution Fund as soon as practicable after the
2 certification.

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

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

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

18 (i) After the submission of all payments for eligible
19 employees from personal services line items paid from the
20 General Revenue Fund in fiscal year 2010 have been made, the
21 Comptroller shall provide to the System a certification of the
22 sum of all fiscal year 2010 expenditures for personal services
23 that would have been covered by payments to the System under
24 this Section if the provisions of this amendatory Act of the
25 96th General Assembly had not been enacted. Upon receipt of the
26 certification, the System shall determine the amount due to the

1 System based on the full rate certified by the Board under
2 Section 14-135.08 for fiscal year 2010 in order to meet the
3 State's obligation under this Section. The System shall compare
4 this amount due to the amount received by the System in fiscal
5 year 2010 through payments under this Section. If the amount
6 due is more than the amount received, the difference shall be
7 termed the "Fiscal Year 2010 Shortfall" for purposes of this
8 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
9 under Section 1.2 of the State Pension Funds Continuing
10 Appropriation Act. If the amount due is less than the amount
11 received, the difference shall be termed the "Fiscal Year 2010
12 Overpayment" for purposes of this Section, and the Fiscal Year
13 2010 Overpayment shall be repaid by the System to the General
14 Revenue Fund as soon as practicable after the certification.

15 (j) After the submission of all payments for eligible
16 employees from personal services line items paid from the
17 General Revenue Fund in fiscal year 2011 have been made, the
18 Comptroller shall provide to the System a certification of the
19 sum of all fiscal year 2011 expenditures for personal services
20 that would have been covered by payments to the System under
21 this Section if the provisions of this amendatory Act of the
22 96th General Assembly had not been enacted. Upon receipt of the
23 certification, the System shall determine the amount due to the
24 System based on the full rate certified by the Board under
25 Section 14-135.08 for fiscal year 2011 in order to meet the
26 State's obligation under this Section. The System shall compare

1 this amount due to the amount received by the System in fiscal
2 year 2011 through payments under this Section. If the amount
3 due is more than the amount received, the difference shall be
4 termed the "Fiscal Year 2011 Shortfall" for purposes of this
5 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
6 under Section 1.2 of the State Pension Funds Continuing
7 Appropriation Act. If the amount due is less than the amount
8 received, the difference shall be termed the "Fiscal Year 2011
9 Overpayment" for purposes of this Section, and the Fiscal Year
10 2011 Overpayment shall be repaid by the System to the General
11 Revenue Fund as soon as practicable after the certification.

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

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

7 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
8 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
9 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,
10 eff. 6-30-12.)

11 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

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

13 (a) The payment of the required department contributions,
14 all allowances, annuities, benefits granted under this
15 Article, and all expenses of administration of the system are
16 obligations of the State of Illinois to the extent specified in
17 this Article.

18 (b) All income of the system shall be credited to a
19 separate account for this system in the State treasury and
20 shall be used to pay allowances, annuities, benefits and
21 administration expense.

22 (c) Pursuant to Article XIII, Section 5 of the 1970
23 Constitution of the State of Illinois, beginning on July 1,
24 2013, the State shall, as a retirement benefit to each
25 participant and annuitant of the System be contractually

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

1 exclusive right to and shall bring a mandamus action in the
2 Circuit Court of Sangamon County against the State to compel
3 the State to make any installment of the annual required State
4 contribution required by this Section, irrespective of other
5 remedies that may be available to the System. Each member or
6 annuitant of the System has the right to in any judicial
7 district in which the System maintains an office if the System
8 fails to bring an action specified in this Section,
9 irrespective of other remedies that may be available to the
10 member or annuitant. In making these determinations, the
11 required State contribution shall be calculated each year as a
12 level percentage of payroll over the years remaining to and
13 including fiscal year 2045 and shall be determined under the
14 projected unit credit actuarial cost method.

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

16 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

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

24 (2) Noncovered employees, except as indicated below,
25 7% for retirement annuity and 1% for a widow or survivors

1 annuity;

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

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

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

20 (6) Each security employee of the Department of
21 Corrections or of the Department of Human Services who is
22 not a covered employee, 1% for a widow or survivors annuity
23 plus the following amount for retirement annuity: 8.5%
24 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
25 11.5% in 2004 and thereafter.

26 (a-5) In addition to the contributions otherwise required

1 under this Article, each Tier I participant shall also make the
2 following contributions toward the cost of his or her
3 retirement annuity from each payment of salary received by him
4 or her for service as a member:

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

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

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

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

16 (40 ILCS 5/15-107.1 new)

17 Sec. 15-107.1. Tier I participant. "Tier I participant": A
18 participant under this Article, other than a participant in the
19 self-managed plan under Section 15-158.2, who first became a
20 member or participant before January 1, 2011 under any
21 reciprocal retirement system or pension fund established under
22 this Code other than a retirement system or pension fund
23 established under Article 2, 3, 4, 5, 6, or 18 of this Code and
24 who is not a Tier I retiree.

1 (40 ILCS 5/15-107.2 new)

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

4 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

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

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

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

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

4 (ii) an annuity from employer contributions of an
5 amount equal to that which can be provided on an
6 actuarially equivalent basis from the accumulated normal
7 contributions made by the participant under Section
8 15-113.6 and Section 15-113.7 plus 1.4 times all other
9 accumulated normal contributions made by the participant;
10 and

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

14 For the purpose of calculating an annuity under this Rule
15 2, the contribution required under subsection (c-5) of Section
16 15-157 shall not be considered when determining the
17 participant's accumulated normal contributions under clause
18 (i) or the employer contribution under clause (ii).

19 With respect to a police officer or firefighter who retires
20 on or after August 14, 1998, the accumulated normal
21 contributions taken into account under clauses (i) and (ii) of
22 this Rule 2 shall include the additional normal contributions
23 made by the police officer or firefighter under Section
24 15-157(a).

25 The amount of a retirement annuity calculated under this
26 Rule 2 shall be computed solely on the basis of the

1 participant's accumulated normal contributions, as specified
2 in this Rule and defined in Section 15-116. Neither an employee
3 or employer contribution for early retirement under Section
4 15-136.2 nor any other employer contribution shall be used in
5 the calculation of the amount of a retirement annuity under
6 this Rule 2.

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

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

13 Rule 3: The retirement annuity of a participant who is
14 employed at least one-half time during the period on which his
15 or her final rate of earnings is based, shall be equal to the
16 participant's years of service not to exceed 30, multiplied by
17 (1) \$96 if the participant's final rate of earnings is less
18 than \$3,500, (2) \$108 if the final rate of earnings is at least
19 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
20 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
21 the final rate of earnings is at least \$5,500 but less than
22 \$6,500, (5) \$144 if the final rate of earnings is at least
23 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
24 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
25 the final rate of earnings is at least \$8,500 but less than
26 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or

1 more, except that the annuity for those persons having made an
2 election under Section 15-154(a-1) shall be calculated and
3 payable under the portable retirement benefit program pursuant
4 to the provisions of Section 15-136.4.

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

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

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

20 (ii) in the case of an individual who was a
21 participating employee employed in the fire department of
22 the University of Illinois's Champaign-Urbana campus
23 immediately prior to the elimination of that fire
24 department and who immediately after the elimination of
25 that fire department transferred to another job with the
26 University of Illinois, service performed as an employee of

1 the University of Illinois in a position other than police
2 officer or firefighter, from the date of that transfer
3 until the employee's next termination of service with the
4 University of Illinois.

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

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

17 (ii) an annuity from employer contributions of an
18 amount equal to that which can be provided on an
19 actuarially equivalent basis from the accumulated normal
20 contributions made by the participant under Section
21 15-113.6 and Section 15-113.7 plus 1.4 times all other
22 accumulated normal contributions made by the participant;
23 and

24 (iii) an annuity which can be provided on an
25 actuarially equivalent basis from the employee
26 contribution for early retirement under Section 15-136.2,

1 and an annuity from employer contributions of an amount
2 equal to that which can be provided on an actuarially
3 equivalent basis from the employee contribution for early
4 retirement under Section 15-136.2.

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

14 With respect to a participant who is qualified for a
15 retirement annuity under this Rule 5 whose retirement annuity
16 began before the effective date of this amendatory Act of the
17 91st General Assembly, and for whom an employee contribution
18 was made under Section 15-136.2, the System shall recalculate
19 the retirement annuity under this Rule 5 and shall pay any
20 additional amounts due in the manner provided in Section
21 15-186.1 for benefits mistakenly set too low.

22 The amount of a retirement annuity calculated under this
23 Rule 5 shall be computed solely on the basis of those
24 contributions specifically set forth in this Rule 5. Except as
25 provided in clause (iii) of this Rule 5, neither an employee
26 nor employer contribution for early retirement under Section

1 15-136.2, nor any other employer contribution, shall be used in
2 the calculation of the amount of a retirement annuity under
3 this Rule 5.

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

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

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

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

26 (2) For a participant who has at least the number of

1 years of service required to retire at any age under
2 subsection (a) of Section 15-135; or

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

9 (c) The maximum retirement annuity provided under Rules 1,
10 2, 4, and 5 shall be the lesser of (1) the annual limit of
11 benefits as specified in Section 415 of the Internal Revenue
12 Code of 1986, as such Section may be amended from time to time
13 and as such benefit limits shall be adjusted by the
14 Commissioner of Internal Revenue, and (2) 80% of final rate of
15 earnings.

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

19 Effective January 1 immediately following the date the
20 retirement annuity begins, the annuitant shall receive an
21 increase in his or her monthly retirement annuity of 0.125% of
22 the monthly retirement annuity provided under Rule 1, Rule 2,
23 Rule 3, Rule 4, or Rule 5, contained in this Section,
24 multiplied by the number of full months which elapsed from the
25 date the retirement annuity payments began to January 1, 1972,
26 plus 0.1667% of such annuity, multiplied by the number of full

1 months which elapsed from January 1, 1972, or the date the
2 retirement annuity payments began, whichever is later, to
3 January 1, 1978, plus 0.25% of such annuity multiplied by the
4 number of full months which elapsed from January 1, 1978, or
5 the date the retirement annuity payments began, whichever is
6 later, to the effective date of the increase.

7 The annuitant shall receive an increase in his or her
8 monthly retirement annuity on each January 1 thereafter during
9 the annuitant's life of 3% of the monthly annuity provided
10 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
11 this Section. The change made under this subsection by P.A.
12 81-970 is effective January 1, 1980 and applies to each
13 annuitant whose status as an employee terminates before or
14 after that date.

15 Beginning January 1, 1990, all automatic annual increases
16 payable under this Section shall be calculated as a percentage
17 of the total annuity payable at the time of the increase,
18 including all increases previously granted under this Article.

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

22 (e) If, on January 1, 1987, or the date the retirement
23 annuity payment period begins, whichever is later, the sum of
24 the retirement annuity provided under Rule 1 or Rule 2 of this
25 Section and the automatic annual increases provided under the
26 preceding subsection or Section 15-136.1, amounts to less than

1 the retirement annuity which would be provided by Rule 3, the
2 retirement annuity shall be increased as of January 1, 1987, or
3 the date the retirement annuity payment period begins,
4 whichever is later, to the amount which would be provided by
5 Rule 3 of this Section. Such increased amount shall be
6 considered as the retirement annuity in determining benefits
7 provided under other Sections of this Article. This paragraph
8 applies without regard to whether status as an employee
9 terminated before the effective date of this amendatory Act of
10 1987, provided that the annuitant was employed at least
11 one-half time during the period on which the final rate of
12 earnings was based.

13 (f) A participant is entitled to such additional annuity as
14 may be provided on an actuarially equivalent basis, by any
15 accumulated additional contributions to his or her credit.
16 However, the additional contributions made by the participant
17 toward the automatic increases in annuity provided under this
18 Section and the contributions made under subsection (c-5) of
19 Section 15-157 by this amendatory Act of the 98th General
20 Assembly shall not be taken into account in determining the
21 amount of such additional annuity.

22 (g) If, (1) by law, a function of a governmental unit, as
23 defined by Section 20-107 of this Code, is transferred in whole
24 or in part to an employer, and (2) a participant transfers
25 employment from such governmental unit to such employer within
26 6 months after the transfer of the function, and (3) the sum of

1 (A) the annuity payable to the participant under Rule 1, 2, or
2 3 of this Section (B) all proportional annuities payable to the
3 participant by all other retirement systems covered by Article
4 20, and (C) the initial primary insurance amount to which the
5 participant is entitled under the Social Security Act, is less
6 than the retirement annuity which would have been payable if
7 all of the participant's pension credits validated under
8 Section 20-109 had been validated under this system, a
9 supplemental annuity equal to the difference in such amounts
10 shall be payable to the participant.

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

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

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

25 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

1 Sec. 15-155. Employer contributions.

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

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

14 (a-1) For State fiscal years 2015 through 2045, the minimum
15 contribution to the System to be made by the State for each
16 fiscal year shall be an amount determined by the System to be
17 sufficient to bring the total assets of the System up to 100%
18 of the total actuarial liabilities of the System by the end of
19 State fiscal year 2045. In making these determinations, the
20 required State contribution shall be calculated each year as a
21 level percentage of payroll over the years remaining to and
22 including fiscal year 2045 and shall be determined under the
23 projected unit credit actuarial cost method.

24 For State fiscal years 2012 through 2014 ~~2045~~, the minimum
25 contribution to the System to be made by the State for each
26 fiscal year shall be an amount determined by the System to be

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

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

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

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

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

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2010 is

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

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

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

24 Amounts received by the System pursuant to Section 25 of
25 the Budget Stabilization Act or Section 8.12 of the State
26 Finance Act in any fiscal year do not reduce and do not

1 constitute payment of any portion of the minimum State
2 contribution required under this Article in that fiscal year.
3 Such amounts shall not reduce, and shall not be included in the
4 calculation of, the required State contributions under this
5 Article in any future year until the System has reached a
6 funding ratio of at least 100% ~~90%~~. A reference in this Article
7 to the "required State contribution" or any substantially
8 similar term does not include or apply to any amounts payable
9 to the System under Section 25 of the Budget Stabilization Act.

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

21 Notwithstanding any other provision of this Section, the
22 required State contribution for State fiscal year 2005 and for
23 fiscal year 2008 and each fiscal year thereafter through State
24 fiscal year 2014, as calculated under this Section and
25 certified under Section 15-165, shall not exceed an amount
26 equal to (i) the amount of the required State contribution that

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

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

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

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

22 (c) Through State fiscal year 1995: The total employer
23 contribution shall be apportioned among the various funds of
24 the State and other employers, whether trust, federal, or other
25 funds, in accordance with actuarial procedures approved by the
26 Board. State of Illinois contributions for employers receiving

1 State appropriations for personal services shall be payable
2 from appropriations made to the employers or to the System. The
3 contributions for Class I community colleges covering earnings
4 other than those paid from trust and federal funds, shall be
5 payable solely from appropriations to the Illinois Community
6 College Board or the System for employer contributions.

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

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

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

24 (g) If the amount of a participant's earnings for any
25 academic year used to determine the final rate of earnings,
26 determined on a full-time equivalent basis, exceeds the amount

1 of his or her earnings with the same employer for the previous
2 academic year, determined on a full-time equivalent basis, by
3 more than 6%, the participant's employer shall pay to the
4 System, in addition to all other payments required under this
5 Section and in accordance with guidelines established by the
6 System, the present value of the increase in benefits resulting
7 from the portion of the increase in earnings that is in excess
8 of 6%. This present value shall be computed by the System on
9 the basis of the actuarial assumptions and tables used in the
10 most recent actuarial valuation of the System that is available
11 at the time of the computation. The System may require the
12 employer to provide any pertinent information or
13 documentation.

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

1 recalculation, the System shall review the application and, if
2 appropriate, recalculate the amount due.

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

12 (h) This subsection (h) applies only to payments made or
13 salary increases given on or after June 1, 2005 but before July
14 1, 2011. The changes made by Public Act 94-1057 shall not
15 require the System to refund any payments received before July
16 31, 2006 (the effective date of Public Act 94-1057).

17 When assessing payment for any amount due under subsection
18 (g), the System shall exclude earnings increases paid to
19 participants under contracts or collective bargaining
20 agreements entered into, amended, or renewed before June 1,
21 2005.

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

26 When assessing payment for any amount due under subsection

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

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

1 paid for other similar positions.

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

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

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

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

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

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

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

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

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

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

5 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
6 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
7 7-13-12; revised 10-17-12.)

8 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

9 Sec. 15-156. Obligations of State; funding guarantees.

10 (a) The payment of (1) the required State contributions,
11 (2) all benefits granted under this system and (3) all expenses
12 in connection with the administration and operation thereof are
13 obligations of the State of Illinois to the extent specified in
14 this Article. The accumulated employee normal, additional and
15 survivors insurance contributions credited to the accounts of
16 active and inactive participants shall not be used to pay the
17 State's share of the obligations.

18 (c) Pursuant to Article XIII, Section 5 of the 1970
19 Constitution of the State of Illinois, beginning on July 1,
20 2013, the State shall, as a retirement benefit to each
21 participant and annuitant of the System be contractually
22 obligated to the System (as a fiduciary and trustee of the
23 participants and annuitants) to pay the annual required State
24 contribution, as determined by the Board of the System using
25 generally accepted actuarial principles, as is necessary to

1 bring the total assets of the System up to 100% of the total
2 actuarial liabilities of the System by the end of State fiscal
3 year 2045. As a further retirement benefit and contractual
4 obligation, each fiscal year, the State shall pay to each
5 designated retirement system the annual required State
6 contribution certified by the Board for that fiscal year.
7 Payments of the annual required State contribution for each
8 fiscal year shall be made in equal monthly installments.
9 Additionally, beginning in fiscal year 2014, State transfers to
10 the Pension Stabilization Fund pursuant to Section 20 of the
11 Budget Stabilization Act and payments to the System pursuant to
12 Section 25 of the Budget Stabilization Act shall be further
13 retirement benefits and contractual obligations. The transfers
14 and payments prescribed in Sections 20 and 25 of the Budget
15 Stabilization Act shall not be used by the retirement system
16 when calculation any pension payment until the System has
17 reached a funded level of 100%. This Section and the security
18 it provides to participants and annuitants is intended to be,
19 and is, a contractual right that is part of the pension
20 benefits provided to the participants and annuitants.
21 Notwithstanding anything to the contrary in the Court of Claims
22 Act or any other law, a designated retirement system has the
23 exclusive right to and shall bring a mandamus action in the
24 Circuit Court of Champaign County against the State to compel
25 the State to make any installment of the annual required State
26 contribution required by this Section, irrespective of other

1 remedies that may be available to the System. Each member or
2 annuitant of the System has the right to in any judicial
3 district in which the System maintains an office if the System
4 fails to bring an action specified in this Section,
5 irrespective of other remedies that may be available to the
6 member or annuitant. In making these determinations, the
7 required State contribution shall be calculated each year as a
8 level percentage of payroll over the years remaining to and
9 including fiscal year 2045 and shall be determined under the
10 projected unit credit actuarial cost method.

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

12 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

13 Sec. 15-157. Employee Contributions.

14 (a) Each participating employee shall make contributions
15 towards the retirement benefits payable under the retirement
16 program applicable to the employee from each payment of
17 earnings applicable to employment under this system on and
18 after the date of becoming a participant as follows: Prior to
19 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
20 to August 31, 1955, 5%; from September 1, 1955 to August 31,
21 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
22 are to be considered as normal contributions for purposes of
23 this Article.

24 Each participant who is a police officer or firefighter
25 shall make normal contributions of 8% of each payment of

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

22 (b) Starting September 1, 1969, each participating
23 employee shall make additional contributions of 1/2 of 1% of
24 earnings to finance a portion of the cost of the annual
25 increases in retirement annuity provided under Section 15-136,
26 except that with respect to participants in the self-managed

1 plan this additional contribution shall be used to finance the
2 benefits obtained under that retirement program.

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

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

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

25 1% of earnings; and

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

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

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

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

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

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

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

4 (40 ILCS 5/16-106.4 new)

5 Sec. 16-106.4. Tier I member. "Tier I member": A member
6 under this Article who first became a member or participant
7 before January 1, 2011 under any reciprocal retirement system
8 or pension fund established under this Code other than a
9 retirement system or pension fund established under Article 2,
10 3, 4, 5, 6, or 18 of this Code and who is not a Tier I retiree.

11 (40 ILCS 5/16-106.5 new)

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

14 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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

16 (a) The amount of the retirement annuity shall be (i) in
17 the case of a person who first became a teacher under this
18 Article before July 1, 2005, the larger of the amounts
19 determined under paragraphs (A) and (B) below, or (ii) in the
20 case of a person who first becomes a teacher under this Article
21 on or after July 1, 2005, the amount determined under the
22 applicable provisions of paragraph (B):

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

1 (1) An amount that can be provided on an
2 actuarially equivalent basis by the member's
3 accumulated contributions at the time of retirement;
4 and

5 (2) The sum of (i) the amount that can be provided
6 on an actuarially equivalent basis by the member's
7 accumulated contributions representing service prior
8 to July 1, 1947, and (ii) the amount that can be
9 provided on an actuarially equivalent basis by the
10 amount obtained by multiplying 1.4 times the member's
11 accumulated contributions covering service subsequent
12 to June 30, 1947; and

13 (3) If there is prior service, 2 times the amount
14 that would have been determined under subparagraph (2)
15 of paragraph (A) above on account of contributions
16 which would have been made during the period of prior
17 service creditable to the member had the System been in
18 operation and had the member made contributions at the
19 contribution rate in effect prior to July 1, 1947.

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

25 This paragraph (A) does not apply to a person who first
26 becomes a teacher under this Article on or after July 1,

1 2005.

2 (B) An amount consisting of the greater of the
3 following:

4 (1) For creditable service earned before July 1,
5 1998 that has not been augmented under Section
6 16-129.1: 1.67% of final average salary for each of the
7 first 10 years of creditable service, 1.90% of final
8 average salary for each year in excess of 10 but not
9 exceeding 20, 2.10% of final average salary for each
10 year in excess of 20 but not exceeding 30, and 2.30% of
11 final average salary for each year in excess of 30; and

12 For creditable service earned on or after July 1,
13 1998 by a member who has at least 24 years of
14 creditable service on July 1, 1998 and who does not
15 elect to augment service under Section 16-129.1: 2.2%
16 of final average salary for each year of creditable
17 service earned on or after July 1, 1998 but before the
18 member reaches a total of 30 years of creditable
19 service and 2.3% of final average salary for each year
20 of creditable service earned on or after July 1, 1998
21 and after the member reaches a total of 30 years of
22 creditable service; and

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

25 (2) 1.5% of final average salary for each year of
26 creditable service plus the sum \$7.50 for each of the

1 first 20 years of creditable service.

2 The amount of the retirement annuity determined under this
3 paragraph (B) shall be reduced by 1/2 of 1% for each month
4 that the member is less than age 60 at the time the
5 retirement annuity begins. However, this reduction shall
6 not apply (i) if the member has at least 35 years of
7 creditable service, or (ii) if the member retires on
8 account of disability under Section 16-149.2 of this
9 Article with at least 20 years of creditable service, or
10 (iii) if the member (1) has earned during the period
11 immediately preceding the last day of service at least one
12 year of contributing creditable service as an employee of a
13 department as defined in Section 14-103.04, (2) has earned
14 at least 5 years of contributing creditable service as an
15 employee of a department as defined in Section 14-103.04,
16 (3) retires on or after January 1, 2001, and (4) retires
17 having attained an age which, when added to the number of
18 years of his or her total creditable service, equals at
19 least 85. Portions of years shall be counted as decimal
20 equivalents.

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

26 In the determination of final average salary for members

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

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

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

19 (e) The maximum retirement annuity provided under
20 paragraph (B) of this Section shall be 75% of final average
21 salary.

22 (f) A member retiring after the effective date of this
23 amendatory Act of 1998 shall receive a pension equal to 75% of
24 final average salary if the member is qualified to receive a
25 retirement annuity equal to at least 74.6% of final average
26 salary under this Article or as proportional annuities under

1 Article 20 of this Code.

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

3 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

4 Sec. 16-152. Contributions by members.

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

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

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

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

18 (4) Effective July 1, 2005, contributions of 0.40% of
19 salary toward the cost of the early retirement without
20 discount option provided under Section 16-133.2. This
21 contribution shall cease upon termination of the early
22 retirement without discount option as provided in Section
23 16-176.

24 (a-5) In addition to the contributions otherwise required
25 under this Article, each Tier I participant shall also make the

1 following contributions toward the cost of his or her
2 retirement annuity from each payment of salary received by him
3 or her for service as a member:

4 (1) beginning July 1, 2013 and through June 30, 2014,
5 1% of salary; and

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

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

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

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

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

24 (e) A member's contributions toward the cost of early
25 retirement without discount made under item (a)(4) of this
26 Section shall not be refunded if the member has elected early

1 retirement without discount under Section 16-133.2 and has
2 begun to receive a retirement annuity under this Article
3 calculated in accordance with that election. Otherwise, a
4 member's contributions toward the cost of early retirement
5 without discount made under item (a)(4) of this Section shall
6 be refunded according to whichever one of the following
7 circumstances occurs first:

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

12 (2) The contributions shall be included, without
13 interest, in any refund claimed by the member under Section
14 16-151.

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

20 (4) The contributions shall be refunded to the member,
21 without interest, within 120 days after the early
22 retirement without discount option provided under Section
23 16-133.2 is terminated under Section 16-176.

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

25 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

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

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

15 (a-1) Annually, on or before November 15 until November 15,
16 2011, the Board shall certify to the Governor the amount of the
17 required State contribution for the coming fiscal year. The
18 certification under this subsection (a-1) shall include a copy
19 of the actuarial recommendations upon which it is based and
20 shall specifically identify the System's projected State
21 normal cost for that fiscal year.

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

1 Obligation Bond Act.

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

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

13 (a-5) On or before November 1 of each year, beginning
14 November 1, 2012, the Board shall submit to the State Actuary,
15 the Governor, and the General Assembly a proposed certification
16 of the amount of the required State contribution to the System
17 for the next fiscal year, along with all of the actuarial
18 assumptions, calculations, and data upon which that proposed
19 certification is based. On or before January 1 of each year,
20 beginning January 1, 2013, the State Actuary shall issue a
21 preliminary report concerning the proposed certification and
22 identifying, if necessary, recommended changes in actuarial
23 assumptions that the Board must consider before finalizing its
24 certification of the required State contributions. On or before
25 January 15, 2013 and each January 15 thereafter, the Board
26 shall certify to the Governor and the General Assembly the

1 amount of the required State contribution for the next fiscal
2 year. The Board's certification must note any deviations from
3 the State Actuary's recommended changes, the reason or reasons
4 for not following the State Actuary's recommended changes, and
5 the fiscal impact of not following the State Actuary's
6 recommended changes on the required State contribution.

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

10 (b-1) Beginning in State fiscal year 1996, on the 15th day
11 of each month, or as soon thereafter as may be practicable, the
12 Board shall submit vouchers for payment of State contributions
13 to the System, in a total monthly amount of one-twelfth of the
14 required annual State contribution certified under subsection
15 (a-1). From the effective date of this amendatory Act of the
16 93rd General Assembly through June 30, 2004, the Board shall
17 not submit vouchers for the remainder of fiscal year 2004 in
18 excess of the fiscal year 2004 certified contribution amount
19 determined under this Section after taking into consideration
20 the transfer to the System under subsection (a) of Section
21 6z-61 of the State Finance Act. These vouchers shall be paid by
22 the State Comptroller and Treasurer by warrants drawn on the
23 funds appropriated to the System for that fiscal year.

24 If in any month the amount remaining unexpended from all
25 other appropriations to the System for the applicable fiscal
26 year (including the appropriations to the System under Section

1 8.12 of the State Finance Act and Section 1 of the State
2 Pension Funds Continuing Appropriation Act) is less than the
3 amount lawfully vouchered under this subsection, the
4 difference shall be paid from the Common School Fund under the
5 continuing appropriation authority provided in Section 1.1 of
6 the State Pension Funds Continuing Appropriation Act.

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

10 (b-3) For State fiscal years 2015 through 2045, the minimum
11 contribution to the System to be made by the State for each
12 fiscal year shall be an amount determined by the System to be
13 sufficient to bring the total assets of the System up to 100%
14 of the total actuarial liabilities of the System by the end of
15 State fiscal year 2045. In making these determinations, the
16 required State contribution shall be calculated each year as a
17 level percentage of payroll over the years remaining to and
18 including fiscal year 2045 and shall be determined under the
19 projected unit credit actuarial cost method.

20 For State fiscal years 2012 through 2014 ~~2045~~, the minimum
21 contribution to the System to be made by the State for each
22 fiscal year shall be an amount determined by the System to be
23 sufficient to bring the total assets of the System up to 90% of
24 the total actuarial liabilities of the System by the end of
25 State fiscal year 2045. In making these determinations, the
26 required State contribution shall be calculated each year as a

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

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

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2006 is
21 \$534,627,700.

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2007 is
24 \$738,014,500.

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

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

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

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

1 under paragraph (e) of this Section, which may also be used by
2 the System for contributions required by paragraph (a) of
3 Section 16-127.

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

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

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

1 in the calculation of, the required State contributions under
2 this Article in any future year until the System has received
3 payment of contributions pursuant to the Budget Stabilization
4 Act.

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

1 for the purposes of Section 7.2 of the General Obligation Bond
2 Act, so that, by State fiscal year 2011, the State is
3 contributing at the rate otherwise required under this Section.

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

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

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

26 However, with respect to benefits granted under Section

1 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
2 of Section 16-106, the employer's contribution shall be 12%
3 (rather than 20%) of the member's highest annual salary rate
4 for each year of creditable service granted, and the employer
5 shall also pay the required employee contribution on behalf of
6 the teacher. For the purposes of Sections 16-133.4 and
7 16-133.5, a teacher as defined in paragraph (8) of Section
8 16-106 who is serving in that capacity while on leave of
9 absence from another employer under this Article shall not be
10 considered an employee of the employer from which the teacher
11 is on leave.

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

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

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

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

26 These employer contributions are intended to offset a

1 portion of the cost to the System of the increases in
2 retirement benefits resulting from this amendatory Act of 1998.

3 Each employer of teachers is entitled to a credit against
4 the contributions required under this subsection (e) with
5 respect to salaries paid to teachers for the period January 1,
6 2002 through June 30, 2003, equal to the amount paid by that
7 employer under subsection (a-5) of Section 6.6 of the State
8 Employees Group Insurance Act of 1971 with respect to salaries
9 paid to teachers for that period.

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

15 If an employer is required by a contract in effect on May
16 1, 1998 between the employer and an employee organization to
17 pay, on behalf of all its full-time employees covered by this
18 Article, all mandatory employee contributions required under
19 this Article, then the employer shall be excused from paying
20 the employer contribution required under this subsection (e)
21 for the balance of the term of that contract. The employer and
22 the employee organization shall jointly certify to the System
23 the existence of the contractual requirement, in such form as
24 the System may prescribe. This exclusion shall cease upon the
25 termination, extension, or renewal of the contract at any time
26 after May 1, 1998.

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

25 Whenever it determines that a payment is or may be required
26 under this subsection, the System shall calculate the amount of

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

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

23 (g) This subsection (g) applies only to payments made or
24 salary increases given on or after June 1, 2005 but before July
25 1, 2011. The changes made by Public Act 94-1057 shall not
26 require the System to refund any payments received before July

1 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

20 When assessing payment for any amount due under subsection
21 (f), the System shall exclude a salary increase resulting from
22 a promotion (i) for which the employee is required to hold a
23 certificate or supervisory endorsement issued by the State
24 Teacher Certification Board that is a different certification
25 or supervisory endorsement than is required for the teacher's
26 previous position and (ii) to a position that has existed and

1 been filled by a member for no less than one complete academic
2 year and the salary increase from the promotion is an increase
3 that results in an amount no greater than the lesser of the
4 average salary paid for other similar positions in the district
5 requiring the same certification or the amount stipulated in
6 the collective bargaining agreement for a similar position
7 requiring the same certification.

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

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

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

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

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

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

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

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

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

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

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

2 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
3 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
4 6-18-12; 97-813, eff. 7-13-12.)

5 (40 ILCS 5/16-158.2 new)

6 Sec. 16-158.2. Obligations of State; funding guarantee.
7 Pursuant to Article XIII, Section 5 of the 1970 Constitution of
8 the State of Illinois, beginning on July 1, 2013, the State
9 shall, as a retirement benefit to each participant and
10 annuitant of the System be contractually obligated to the
11 System (as a fiduciary and trustee of the participants and
12 annuitants) to pay the annual required State contribution, as
13 determined by the Board of the System using generally accepted
14 actuarial principles, as is necessary to bring the total assets
15 of the System up to 100% of the total actuarial liabilities of
16 the System by the end of State fiscal year 2045. As a further
17 retirement benefit and contractual obligation, each fiscal
18 year, the State shall pay to each designated retirement system
19 the annual required State contribution certified by the Board
20 for that fiscal year. Payments of the annual required State
21 contribution for each fiscal year shall be made in equal
22 monthly installments. Additionally, beginning in fiscal year
23 2014, State transfers to the Pension Stabilization Fund
24 pursuant to Section 20 of the Budget Stabilization Act and
25 payments to the System pursuant to Section 25 of the Budget

1 Stabilization Act shall be further retirement benefits and
2 contractual obligations. The transfers and payments prescribed
3 in Sections 20 and 25 of the Budget Stabilization Act shall not
4 be used by the retirement system when calculation any pension
5 payment until the System has reached a funded level of 100%.
6 This Section and the security it provides to participants and
7 annuitants is intended to be, and is, a contractual right that
8 is part of the pension benefits provided to the participants
9 and annuitants. Notwithstanding anything to the contrary in the
10 Court of Claims Act or any other law, a designated retirement
11 system has the exclusive right to and shall bring a mandamus
12 action in the Circuit Court of Sangamon County against the
13 State to compel the State to make any installment of the annual
14 required State contribution required by this Section,
15 irrespective of other remedies that may be available to the
16 System. Each member or annuitant of the System has the right to
17 in any judicial district in which the System maintains an
18 office if the System fails to bring an action specified in this
19 Section, irrespective of other remedies that may be available
20 to the member or annuitant. In making these determinations, the
21 required State contribution shall be calculated each year as a
22 level percentage of payroll over the years remaining to and
23 including fiscal year 2045 and shall be determined under the
24 projected unit credit actuarial cost method.

25 Section 99. Effective date. This Act takes effect July 1,
26 2013.

1	INDEX	
2	Statutes amended in order of appearance	
3	30 ILCS 122/20	
4	30 ILCS 122/25	
5	40 ILCS 5/1-103.3	
6	40 ILCS 5/2-105.1 new	
7	40 ILCS 5/2-105.2 new	
8	40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
9	40 ILCS 5/2-125	from Ch. 108 1/2, par. 2-125
10	40 ILCS 5/2-126	from Ch. 108 1/2, par. 2-126
11	40 ILCS 5/14-103.40 new	
12	40 ILCS 5/14-103.41 new	
13	40 ILCS 5/14-131	
14	40 ILCS 5/14-132	from Ch. 108 1/2, par. 14-132
15	40 ILCS 5/14-133	from Ch. 108 1/2, par. 14-133
16	40 ILCS 5/15-107.1 new	
17	40 ILCS 5/15-107.2 new	
18	40 ILCS 5/15-136	from Ch. 108 1/2, par. 15-136
19	40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
20	40 ILCS 5/15-156	from Ch. 108 1/2, par. 15-156
21	40 ILCS 5/15-157	from Ch. 108 1/2, par. 15-157
22	40 ILCS 5/16-106.4 new	
23	40 ILCS 5/16-106.5 new	
24	40 ILCS 5/16-133	from Ch. 108 1/2, par. 16-133
25	40 ILCS 5/16-152	from Ch. 108 1/2, par. 16-152

SB2404

- 91 -

LRB098 09018 EFG 39154 b

- 1 40 ILCS 5/16-158 from Ch. 108 1/2, par. 16-158
- 2 40 ILCS 5/16-158.2 new