



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB3549

Introduced 2/14/2014, by Sen. Kyle McCarter

SYNOPSIS AS INTRODUCED:

40 ILCS 5/1-161 new	
40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
40 ILCS 5/14-131	
40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131

Amends the Illinois Pension Code. With respect to the 5 State-funded retirement systems: Provides a new funding formula for State contributions, with a funding goal of 100% for fiscal years 2016 through 2047 and 90% thereafter. Provides that no additional service credit may be accrued and no automatic increase in a retirement annuity shall be received. Provides that the pensionable salary of an active participant may not exceed that individual's pensionable salary as of the effective date. Provides that State-funded retirement systems shall establish self-directed retirement plans for all active participants and all employees hired on or after the effective date. Provides that all active participants shall have the option of participating in a self-directed retirement plan. Provides that these changes are controlling over any other law. In the Sections that were amended by Public Act 98-599, deletes the changes made by Public Act 98-599.

LRB098 15297 RPM 50321 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 Illinois Pension Code is amended by changing
5 Sections 2-124, 14-131, 15-155, 16-158, and 18-131 and by
6 adding Section 1-161 as follows:

7 (40 ILCS 5/1-161 new)

8 Sec. 1-161. Pension benefits, end of service credit;
9 self-directed retirement plans.

10 (a) For the purposes of this Section:

11 "Active participant" means a participant in a
12 State-funded retirement system who does not receive an
13 annuity from a State-funded retirement system.

14 "Annuitant" means a participant in a State-funded
15 retirement system who receives an annuity from a
16 State-funded retirement system.

17 "Automatic increase in retirement annuity" means an
18 automatic increase in retirement annuity granted under
19 Section 1-160 or Article 2, 14, 15, 16, or 18 of this Code.

20 "Consumer price index-u" means the index published by
21 the Bureau of Labor Statistics of the United States
22 Department of Labor that measures the average change in
23 prices of goods and services purchased by all urban

1 consumers, United States city average, all items, 1982-84 =
2 100.

3 "Pensionable salary" means the amount of salary,
4 compensation, or earnings used by the applicable
5 State-funded retirement system to calculate the amount of
6 an individual's retirement annuity.

7 "State-funded retirement system" means a retirement
8 system established under Article 2, 14, 15, 16, or 18 of
9 this Code.

10 (b) No active participant may accrue service credit in a
11 State-funded retirement system on or after the effective date
12 of this amendatory Act of the 98th General Assembly.

13 (c) The pensionable salary of an active participant shall
14 not exceed the pensionable salary of that participant as of the
15 effective date of this amendatory Act of the 98th General
16 Assembly.

17 (d) An annuitant shall not receive an automatic increase in
18 retirement annuity on or after the effective date of this
19 Section.

20 (e) The retirement age of active participants who are
21 ineligible to retire as of the effective date of this
22 amendatory Act of the 98th General Assembly shall be increased
23 according to a schedule developed by the Public Pension
24 Division of the Department of Insurance as soon as practicable
25 after the effective date of this amendatory Act of the 98th
26 General Assembly. The schedule of retirement ages adopted by

1 administrative rule of the Division shall, at a minimum, ensure
2 (i) that persons who first become active participants on or
3 after the effective date of this amendatory Act of the 98th
4 General Assembly are not eligible to retire until reaching the
5 Social Security Normal Retirement Age and (ii) that persons who
6 are active participants but ineligible to retire as of the
7 effective date of this amendatory Act of the 98th General
8 Assembly remain ineligible to retire until reaching age 59. The
9 Division's schedule shall also provide for the adjustment of
10 retirement ages using a matrix that accounts for the current
11 statutory retirement age for various classes of persons and
12 service credit accrued by those persons as of the effective
13 date of this amendatory Act of the 98th General Assembly.

14 (f) As soon as practicable after the effective date of this
15 amendatory Act of the 98th General Assembly, each State-funded
16 retirement system shall establish a self-directed retirement
17 plan that allows individuals who are active participants and
18 individuals who become active participants on or after the
19 effective date of this amendatory Act of the 98th General
20 Assembly the opportunity to accumulate assets for retirement
21 through a combination of employee and employer contributions
22 that may be invested in mutual funds, collective investment
23 funds, or other investment products and used to purchase
24 annuity contracts, either fixed or variable or a combination
25 thereof. The plan must be qualified under the Internal Revenue
26 Code of 1986. Participants in the retirement system established

1 under Article 15 may participate in the self-managed plan
2 established under Section 15-158.2 in lieu of participating in
3 a self-directed retirement plan created under this subsection
4 (f).

5 (g) Each active participant in the retirement system
6 established under Article 14 of this Code who is a noncovered
7 employee and each active participant in a retirement system
8 established under Article 15, 16, or 18 of this Code, except
9 for a participant in the self-managed plan established under
10 Section 15-158.2, shall participate in the self-directed
11 retirement plan established under subsection (f) and
12 contribute 8% of his or her salary, earnings, or compensation,
13 whichever is applicable, to the plan. The employer of each of
14 those active participants shall contribute 7% of salary,
15 earnings, or compensation, whichever is applicable, to that
16 plan on behalf of the participant.

17 Each active participant in the retirement system
18 established under Article 14 who is a covered employee shall
19 participate in the self-directed retirement plan established
20 under subsection (f) and shall contribute 3% of compensation to
21 the plan. The employer of each of those participants shall
22 contribute 3% of compensation to the self-directed retirement
23 plan on behalf of the participant.

24 Each active participant in the retirement system
25 established under Article 2 of this Code shall have the option
26 of participating in the self-directed retirement plan

1 established under subsection (f) and shall be entitled to
2 contribute as much to the plan as is authorized by federal law.
3 However, no employer contribution to the self-directed plan
4 shall be made on behalf of active participants in the
5 retirement system established under Article 2 of this Code.

6 For the purposes of this subsection (g), salary, earnings,
7 or compensation shall not exceed \$110,100. However, that amount
8 shall be increased on January 1, 2017 and each January 1
9 thereafter by the lesser of (i) 3% of that amount or (ii)
10 one-half the annual unadjusted percentage increase (but not
11 less than zero) in the consumer price index-u for the 12 months
12 ending with the September preceding each November 1, as
13 calculated by the Public Pension Division of the Department of
14 Insurance and made available to the boards of the State-funded
15 retirement systems by November 1, 2015 and each November 1
16 thereafter.

17 (h) The provisions of this amendatory Act of the 98th
18 General Assembly apply notwithstanding any other law,
19 including Section 1-160 of this Code. If there is a conflict
20 between the provisions of this amendatory Act of the 98th
21 General Assembly and any other law, the provisions of this
22 Section shall control.

23 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

24 Sec. 2-124. Contributions by State.

25 (a) The State shall make contributions to the System by

1 appropriations of amounts which, together with the
2 contributions of participants, interest earned on investments,
3 and other income will meet the cost of maintaining and
4 administering the System on a ~~100%~~ 90% funded basis in
5 accordance with actuarial recommendations ~~by the end of State~~
6 ~~fiscal year 2044.~~

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 2044, 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 ~~equal to the sum of (1) the State's portion of the projected~~
16 ~~normal cost for that fiscal year, plus (2) an amount sufficient~~
17 ~~to bring the total assets of the System up to 100% of the total~~
18 ~~actuarial liabilities of the System by the end of State fiscal~~
19 ~~year 2044. In making these determinations, the required State~~
20 ~~contribution shall be calculated each year as a level~~
21 ~~percentage of payroll over the years remaining to and including~~
22 ~~fiscal year 2044 and shall be determined under the projected~~
23 ~~unit cost method for fiscal year 2015 and under the entry age~~
24 ~~normal actuarial cost method for fiscal years 2016 through~~
25 ~~2044.~~

26 For State fiscal years 2012 through 2015 ~~2014~~, the minimum

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

10 For State fiscal years 2016 through 2047, 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 2047. In making these determinations, the
16 required State contribution shall be calculated each year as a
17 level dollar amount over the years remaining to and including
18 fiscal year 2047 and shall be determined under the projected
19 unit credit actuarial cost method.

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

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2006 is

1 \$4,157,000.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution for State fiscal year 2007 is
4 \$5,220,300.

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

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

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2011 is
23 the amount recertified by the System on or before April 1, 2011
24 pursuant to Section 2-134 and shall be made from the proceeds
25 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
26 the General Obligation Bond Act, less (i) the pro rata share of

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

6 ~~Beginning in State fiscal year 2045, the minimum State~~
7 ~~contribution for each fiscal year shall be the amount needed to~~
8 ~~maintain the total assets of the System at 100% of the total~~
9 ~~actuarial liabilities of the System.~~

10 Beginning in State fiscal year 2048, the minimum State
11 contribution for each fiscal year shall be the amount needed to
12 maintain the total assets of the System at 90% of the total
13 actuarial liabilities of the System.

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

26 Notwithstanding any other provision of this Section, the

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

25 (d) For purposes of determining the required State
26 contribution to the System, the value of the System's assets

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

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

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

14 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
15 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
16 7-13-12; 98-599, eff. 6-1-14.)

17 (40 ILCS 5/14-131)

18 Sec. 14-131. Contributions by State.

19 (a) The State shall make contributions to the System by
20 appropriations of amounts which, together with other employer
21 contributions from trust, federal, and other funds, employee
22 contributions, investment income, and other income, will be
23 sufficient to meet the cost of maintaining and administering
24 the System on a ~~100%~~ 90% funded basis in accordance with
25 actuarial recommendations ~~by the end of State fiscal year 2044.~~

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

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

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

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

1 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

16 (c-1) Notwithstanding subsection (c) of this Section, for
17 fiscal years 2010, 2012, 2013, and 2014 only, contributions by
18 the several departments are not required to be made for General
19 Revenue Funds payrolls processed by the Comptroller. Payrolls
20 paid by the several departments from all other State funds must
21 continue to be processed pursuant to subsection (c) of this
22 Section.

23 (c-2) For State fiscal years 2010, 2012, 2013, and 2014
24 only, on or as soon as possible after the 15th day of each
25 month, the Board shall submit vouchers for payment of State
26 contributions to the System, in a total monthly amount of

1 one-twelfth of the fiscal year General Revenue Fund
2 contribution as certified by the System pursuant to Section
3 14-135.08 of the Illinois Pension Code.

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

18 ~~(e) For State fiscal years 2015 through 2044, the minimum~~
19 ~~contribution to the System to be made by the State for each~~
20 ~~fiscal year shall be an amount determined by the System to be~~
21 ~~equal to the sum of (1) the State's portion of the projected~~
22 ~~normal cost for that fiscal year, plus (2) an amount sufficient~~
23 ~~to bring the total assets of the System up to 100% of the total~~
24 ~~actuarial liabilities of the System by the end of State fiscal~~
25 ~~year 2044. In making these determinations, the required State~~
26 ~~contribution shall be calculated each year as a level~~

1 ~~percentage of payroll over the years remaining to and including~~
2 ~~fiscal year 2044 and shall be determined under the projected~~
3 ~~unit cost method for fiscal year 2015 and under the entry age~~
4 ~~normal actuarial cost method for fiscal years 2016 through~~
5 ~~2044.~~

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

16 For State fiscal years 2016 through 2047, the minimum
17 contribution to the System to be made by the State for each
18 fiscal year shall be an amount determined by the System to be
19 sufficient to bring the total assets of the System up to 100%
20 of the total actuarial liabilities of the System by the end of
21 State fiscal year 2047. In making these determinations, the
22 required State contribution shall be calculated each year as a
23 level dollar amount over the years remaining to and including
24 fiscal year 2047 and shall be determined under the projected
25 unit credit actuarial cost method.

26 For State fiscal years 1996 through 2005, the State

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

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

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

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

15 Notwithstanding any other provision of this Article, the
16 total required State General Revenue Fund contribution for
17 State fiscal year 2011 is the amount recertified by the System
18 on or before April 1, 2011 pursuant to Section 14-135.08 and
19 shall be made from the proceeds of bonds sold in fiscal year
20 2011 pursuant to Section 7.2 of the General Obligation Bond
21 Act, less (i) the pro rata share of bond sale expenses
22 determined by the System's share of total bond proceeds, (ii)
23 any amounts received from the General Revenue Fund in fiscal
24 year 2011, and (iii) any reduction in bond proceeds due to the
25 issuance of discounted bonds, if applicable.

26 ~~Beginning in State fiscal year 2045, the minimum State~~

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

4 Beginning in State fiscal year 2048, 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 Section, the
21 required State contribution for State fiscal year 2005 and for
22 fiscal year 2008 and each fiscal year thereafter ~~through State~~
23 ~~fiscal year 2014~~, as calculated under this Section and
24 certified under Section 14-135.08, shall not exceed an amount
25 equal to (i) the amount of the required State contribution that
26 would have been calculated under this Section for that fiscal

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

19 (f) After the submission of all payments for eligible
20 employees from personal services line items in fiscal year 2004
21 have been made, the Comptroller shall provide to the System a
22 certification of the sum of all fiscal year 2004 expenditures
23 for personal services that would have been covered by payments
24 to the System under this Section if the provisions of this
25 amendatory Act of the 93rd General Assembly had not been
26 enacted. Upon receipt of the certification, the System shall

1 determine the amount due to the System based on the full rate
2 certified by the Board under Section 14-135.08 for fiscal year
3 2004 in order to meet the State's obligation under this
4 Section. The System shall compare this amount due to the amount
5 received by the System in fiscal year 2004 through payments
6 under this Section and under Section 6z-61 of the State Finance
7 Act. If the amount due is more than the amount received, the
8 difference shall be termed the "Fiscal Year 2004 Shortfall" for
9 purposes of this Section, and the Fiscal Year 2004 Shortfall
10 shall be satisfied under Section 1.2 of the State Pension Funds
11 Continuing Appropriation Act. If the amount due is less than
12 the amount received, the difference shall be termed the "Fiscal
13 Year 2004 Overpayment" for purposes of this Section, and the
14 Fiscal Year 2004 Overpayment shall be repaid by the System to
15 the Pension Contribution Fund as soon as practicable after the
16 certification.

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

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

1 5-year period following that fiscal year.

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

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

1 2010 Overpayment shall be repaid by the System to the General
2 Revenue Fund as soon as practicable after the certification.

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

26 (k) For fiscal years 2012 through 2014 only, after the

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

21 (Source: P.A. 97-72, eff. 7-1-11; 97-732, eff. 6-30-12; 98-24,
22 eff. 6-19-13; 98-599, eff. 6-1-14.)

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

24 Sec. 15-155. Employer contributions.

25 (a) The State of Illinois shall make contributions by

1 appropriations of amounts which, together with the other
2 employer contributions from trust, federal, and other funds,
3 employee contributions, income from investments, and other
4 income of this System, will be sufficient to meet the cost of
5 maintaining and administering the System on a ~~100%~~ 90% funded
6 basis in accordance with actuarial recommendations ~~by the end~~
7 ~~of State fiscal year 2044.~~

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

13 (a-1) ~~For State fiscal years 2015 through 2044, the minimum~~
14 ~~contribution to the System to be made by the State for each~~
15 ~~fiscal year shall be an amount determined by the System to be~~
16 ~~equal to the sum of (1) the State's portion of the projected~~
17 ~~normal cost for that fiscal year, plus (2) an amount sufficient~~
18 ~~to bring the total assets of the System up to 100% of the total~~
19 ~~actuarial liabilities of the System by the end of the State~~
20 ~~fiscal year 2044. In making these determinations, the required~~
21 ~~State contribution shall be calculated each year as a level~~
22 ~~percentage of payroll over the years remaining to and including~~
23 ~~fiscal year 2044 and shall be determined under the projected~~
24 ~~unit cost method for fiscal year 2015 and under the entry age~~
25 ~~normal actuarial cost method for fiscal years 2016 through~~
26 ~~2044.~~

1 For State fiscal years 2012 through 2015 ~~2014~~, the minimum
2 contribution to the System to be made by the State for each
3 fiscal year shall be an amount determined by the System to be
4 sufficient to bring the total assets of the System up to 90% of
5 the total actuarial liabilities of the System by the end of
6 State fiscal year 2045. 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 For State fiscal years 2016 through 2047, 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 2047. In making these determinations, the
17 required State contribution shall be calculated each year as a
18 level dollar amount over the years remaining to and including
19 fiscal year 2047 and shall be determined under the projected
20 unit credit actuarial cost method.

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

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2006 is
2 \$166,641,900.

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2007 is
5 \$252,064,100.

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

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

22 Notwithstanding any other provision of this Article, the
23 total required State contribution for State fiscal year 2011 is
24 the amount recertified by the System on or before April 1, 2011
25 pursuant to Section 15-165 and shall be made from the State
26 Pensions Fund and proceeds of bonds sold in fiscal year 2011

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

7 ~~Beginning in State fiscal year 2045, the minimum~~
8 ~~contribution for each fiscal year shall be the amount needed to~~
9 ~~maintain the total assets of the System at 100% of the total~~
10 ~~liabilities of the System.~~

11 Beginning in State fiscal year 2048, the minimum State
12 contribution for each fiscal year shall be the amount needed to
13 maintain the total assets of the System at 90% of the total
14 actuarial liabilities of the System.

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

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

26 (b) If an employee is paid from trust or federal funds, the

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

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

1 in the same manner as employee contributions.

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

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

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

22 (f) Normal costs under this Section means liability for
23 pensions and other benefits which accrues to the System because
24 of the credits earned for service rendered by the participants
25 during the fiscal year and expenses of administering the
26 System, but shall not include the principal of or any

1 redemption premium or interest on any bonds issued by the Board
2 or any expenses incurred or deposits required in connection
3 therewith.

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

20 Whenever it determines that a payment is or may be required
21 under this subsection (g), the System shall calculate the
22 amount of the payment and bill the employer for that amount.
23 The bill shall specify the calculations used to determine the
24 amount due. If the employer disputes the amount of the bill, it
25 may, within 30 days after receipt of the bill, apply to the
26 System in writing for a recalculation. The application must

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

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

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

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

1 2005.

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

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

20 When assessing payment for any amount due under subsection
21 (g), the System shall exclude any earnings increase resulting
22 from (i) a promotion for which the employee moves from one
23 classification to a higher classification under the State
24 Universities Civil Service System, (ii) a promotion in academic
25 rank for a tenured or tenure-track faculty position, or (iii) a
26 promotion that the Illinois Community College Board has

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

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

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

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

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

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

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

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

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

26 As of June 30, 2008, the actuarial value of the System's

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

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

11 (Source: P.A. 97-813, eff. 7-13-12; 98-92, eff. 7-16-13;
12 98-463, eff. 8-16-13; 98-599, eff. 6-1-14.)

13 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

16 (a) The State shall make contributions to the System by
17 means of appropriations from the Common School Fund and other
18 State funds of amounts which, together with other employer
19 contributions, employee contributions, investment income, and
20 other income, will be sufficient to meet the cost of
21 maintaining and administering the System on a ~~100%~~ 90% funded
22 basis in accordance with actuarial recommendations ~~by the end~~
23 ~~of State fiscal year 2044.~~

24 The Board shall determine the amount of State contributions
25 required for each fiscal year on the basis of the actuarial

1 tables and other assumptions adopted by the Board and the
2 recommendations of the actuary, using the formula in subsection
3 (b-3).

4 (a-1) Annually, on or before November 15 through November
5 15, 2011, the Board shall certify to the Governor the amount of
6 the required State contribution for the coming fiscal year. The
7 certification under this subsection (a-1) shall include a copy
8 of the actuarial recommendations upon which it is based.

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

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

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

26 (a-5) On or before November 1 of each year, beginning

1 November 1, 2012, the Board shall submit to the State Actuary,
2 the Governor, and the General Assembly a proposed certification
3 of the amount of the required State contribution to the System
4 for the next fiscal year, along with all of the actuarial
5 assumptions, calculations, and data upon which that proposed
6 certification is based. On or before January 1 of each year,
7 beginning January 1, 2013, the State Actuary shall issue a
8 preliminary report concerning the proposed certification and
9 identifying, if necessary, recommended changes in actuarial
10 assumptions that the Board must consider before finalizing its
11 certification of the required State contributions.

12 On or before January 15, 2013 and each January 15
13 thereafter, the Board shall certify to the Governor and the
14 General Assembly the amount of the required State contribution
15 for the next fiscal year. The certification shall include a
16 copy of the actuarial recommendations upon which it is based
17 and shall specifically identify the System's projected State
18 normal cost for that fiscal year. The Board's certification
19 must note any deviations from the State Actuary's recommended
20 changes, the reason or reasons for not following the State
21 Actuary's recommended changes, and the fiscal impact of not
22 following the State Actuary's recommended changes on the
23 required State contribution.

24 ~~(a-10) For purposes of Section (c-5) of Section 20 of the~~
25 ~~Budget Stabilization Act, on or before November 1 of each year~~
26 ~~beginning November 1, 2014, the Board shall determine the~~

1 ~~amount of the State contribution to the System that would have~~
2 ~~been required for the next fiscal year if this amendatory Act~~
3 ~~of the 98th General Assembly had not taken effect, using the~~
4 ~~best and most recent available data but based on the law in~~
5 ~~effect on May 31, 2014. The Board shall submit to the State~~
6 ~~Actuary, the Governor, and the General Assembly a proposed~~
7 ~~certification, along with the relevant law, actuarial~~
8 ~~assumptions, calculations, and data upon which that~~
9 ~~certification is based. On or before January 1, 2015 and every~~
10 ~~January 1 thereafter, the State Actuary shall issue a~~
11 ~~preliminary report concerning the proposed certification and~~
12 ~~identifying, if necessary, recommended changes in actuarial~~
13 ~~assumptions that the Board must consider before finalizing its~~
14 ~~certification. On or before January 15, 2015 and every January~~
15 ~~1 thereafter, the Board shall certify to the Governor and the~~
16 ~~General Assembly the amount of the State contribution to the~~
17 ~~System that would have been required for the next fiscal year~~
18 ~~if this amendatory Act of the 98th General Assembly had not~~
19 ~~taken effect, using the best and most recent available data but~~
20 ~~based on the law in effect on May 31, 2014. The Board's~~
21 ~~certification must note any deviations from the State Actuary's~~
22 ~~recommended changes, the reason or reasons for not following~~
23 ~~the State Actuary's recommended changes, and the impact of not~~
24 ~~following the State Actuary's recommended changes.~~

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

1 the School Code.

2 (b-1) Beginning in State fiscal year 1996, on the 15th day
3 of each month, or as soon thereafter as may be practicable, the
4 Board shall submit vouchers for payment of State contributions
5 to the System, in a total monthly amount of one-twelfth of the
6 required annual State contribution certified under subsection
7 (a-1). From the effective date of this amendatory Act of the
8 93rd General Assembly through June 30, 2004, the Board shall
9 not submit vouchers for the remainder of fiscal year 2004 in
10 excess of the fiscal year 2004 certified contribution amount
11 determined under this Section after taking into consideration
12 the transfer to the System under subsection (a) of Section
13 6z-61 of the State Finance Act. These vouchers shall be paid by
14 the State Comptroller and Treasurer by warrants drawn on the
15 funds appropriated to the System for that fiscal year.

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

25 (b-2) Allocations from the Common School Fund apportioned
26 to school districts not coming under this System shall not be

1 diminished or affected by the provisions of this Article.

2 (b-3) ~~For State fiscal years 2015 through 2044, the minimum~~
3 ~~contribution to the System to be made by the State for each~~
4 ~~fiscal year shall be an amount determined by the System to be~~
5 ~~equal to the sum of (1) the State's portion of the projected~~
6 ~~normal cost for that fiscal year, plus (2) an amount sufficient~~
7 ~~to bring the total assets of the System up to 100% of the total~~
8 ~~actuarial liabilities of the System by the end of State fiscal~~
9 ~~year 2044. In making these determinations, the required State~~
10 ~~contribution shall be calculated each year as a level~~
11 ~~percentage of payroll over the years remaining to and including~~
12 ~~fiscal year 2044 and shall be determined under the projected~~
13 ~~unit cost method for fiscal year 2015 and under the entry age~~
14 ~~normal actuarial cost method for fiscal years 2016 through~~
15 ~~2044.~~

16 For State fiscal years 2012 through 2015 ~~2014~~, the minimum
17 contribution to the System to be made by the State for each
18 fiscal year shall be an amount determined by the System to be
19 sufficient to bring the total assets of the System up to 90% of
20 the total actuarial liabilities of the System by the end of
21 State fiscal year 2045. In making these determinations, the
22 required State contribution shall be calculated each year as a
23 level percentage of payroll over the years remaining to and
24 including fiscal year 2045 and shall be determined under the
25 projected unit credit actuarial cost method.

26 For State fiscal years 2016 through 2047, the minimum

1 contribution to the System to be made by the State for each
2 fiscal year shall be an amount determined by the System to be
3 sufficient to bring the total assets of the System up to 100%
4 of the total actuarial liabilities of the System by the end of
5 State fiscal year 2047. In making these determinations, the
6 required State contribution shall be calculated each year as a
7 level dollar amount over the years remaining to and including
8 fiscal year 2047 and shall be determined under the projected
9 unit credit actuarial cost method.

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

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2006 is

1 \$534,627,700.

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

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

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

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

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

10 ~~Beginning in State fiscal year 2045, the minimum State~~
11 ~~contribution for each fiscal year shall be the amount needed to~~
12 ~~maintain the total assets of the System at 100% of the total~~
13 ~~actuarial liabilities of the System.~~

14 Beginning in State fiscal year 2048, the minimum State
15 contribution for each fiscal year shall be the amount needed to
16 maintain the total assets of the System at 90% of the total
17 actuarial liabilities of the System.

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

1 to the "required State contribution" or any substantially
2 similar term does not include or apply to any amounts payable
3 to the System under Section 25 of the Budget Stabilization Act.

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

1 Act, so that, by State fiscal year 2011, the State is
2 contributing at the rate otherwise required under this Section.

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

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

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

25 However, with respect to benefits granted under Section
26 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)

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

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

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

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

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

25 These employer contributions are intended to offset a
26 portion of the cost to the System of the increases in

1 retirement benefits resulting from this amendatory Act of 1998.

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

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

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

26 (f) If the amount of a teacher's salary for any school year

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

24 Whenever it determines that a payment is or may be required
25 under this subsection, the System shall calculate the amount of
26 the payment and bill the employer for that amount. The bill

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

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

22 (g) This subsection (g) applies only to payments made or
23 salary increases given on or after June 1, 2005 but before July
24 1, 2011. The changes made by Public Act 94-1057 shall not
25 require the System to refund any payments received before July
26 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

19 When assessing payment for any amount due under subsection
20 (f), the System shall exclude a salary increase resulting from
21 a promotion (i) for which the employee is required to hold a
22 certificate or supervisory endorsement issued by the State
23 Teacher Certification Board that is a different certification
24 or supervisory endorsement than is required for the teacher's
25 previous position and (ii) to a position that has existed and
26 been filled by a member for no less than one complete academic

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

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

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

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

26 (1) The number of recalculations required by the

1 changes made to this Section by Public Act 94-1057 for each
2 employer.

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

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

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

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

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

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

1 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
2 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
3 6-18-12; 97-813, eff. 7-13-12; 98-599, eff. 6-1-14.)

4 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

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

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

17 (c) For State fiscal years 2012 through 2015 ~~2045~~, the
18 minimum contribution to the System to be made by the State for
19 each fiscal year shall be an amount determined by the System to
20 be sufficient to bring the total assets of the System up to 90%
21 of the total actuarial liabilities of the System by the end of
22 State fiscal year 2045. In making these determinations, the
23 required State contribution shall be calculated each year as a
24 level percentage of payroll over the years remaining to and
25 including fiscal year 2045 and shall be determined under the

1 projected unit credit actuarial cost method.

2 For State fiscal years 2016 through 2047, the minimum
3 contribution to the System to be made by the State for each
4 fiscal year shall be an amount determined by the System to be
5 sufficient to bring the total assets of the System up to 100%
6 of the total actuarial liabilities of the System by the end of
7 State fiscal year 2047. In making these determinations, the
8 required State contribution shall be calculated each year as a
9 level dollar amount over the years remaining to and including
10 fiscal year 2047 and shall be determined under the projected
11 unit credit actuarial cost method.

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

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2006 is
19 \$29,189,400.

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2007 is
22 \$35,236,800.

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

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

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2010 is
5 \$78,832,000 and shall be made from the proceeds of bonds sold
6 in fiscal year 2010 pursuant to Section 7.2 of the General
7 Obligation Bond Act, less (i) the pro rata share of bond sale
8 expenses determined by the System's share of total bond
9 proceeds, (ii) any amounts received from the General Revenue
10 Fund in fiscal year 2010, and (iii) any reduction in bond
11 proceeds due to the issuance of discounted bonds, if
12 applicable.

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

24 Beginning in State fiscal year 2048 ~~2046~~, the minimum State
25 contribution for each fiscal year shall be the amount needed to
26 maintain the total assets of the System at 90% of the total

1 actuarial liabilities of the System.

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

14 Notwithstanding any other provision of this Section, the
15 required State contribution for State fiscal year 2005 and for
16 fiscal year 2008 and each fiscal year thereafter, as calculated
17 under this Section and certified under Section 18-140, shall
18 not exceed an amount equal to (i) the amount of the required
19 State contribution that would have been calculated under this
20 Section for that fiscal year if the System had not received any
21 payments under subsection (d) of Section 7.2 of the General
22 Obligation Bond Act, minus (ii) the portion of the State's
23 total debt service payments for that fiscal year on the bonds
24 issued in fiscal year 2003 for the purposes of that Section
25 7.2, as determined and certified by the Comptroller, that is
26 the same as the System's portion of the total moneys

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

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

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

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

3 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.

4 7-13-12.)