



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB2228

by Rep. Dwight Kay

SYNOPSIS AS INTRODUCED:

See Index

Amends the General Provisions, General Assembly, Illinois Municipal Retirement Fund (IMRF), State Employee, State Universities, Downstate Teacher, and Judges Articles of the Illinois Pension Code. In the General Assembly, State Employee, State Universities, and Downstate Teacher Articles: (i) suspends the payment of automatic annual increases to Tier I retirees; (ii) changes the conditions of eligibility for, and the amount of, automatic annual increases for Tier I retirees; (iii) increases required employee contributions for Tier I participants; (iv) limits pensionable salary for Tier I participants; (v) changes the required State contribution so that each system is 100% funded by 2043; and (vi) guarantees certain funding levels. Amends the State Finance Act. To the list of standardized items of appropriation, adds "State retirement contribution for annual normal cost" and "State retirement contribution for unfunded accrued liability". Amends the Governor's Office of Management and Budget Act. Adds those terms to a list of classifications to be used in statements and estimates of expenditures submitted to the Office in connection with the preparation of a State budget. Amends the State Mandates Act to require implementation without reimbursement. Amends the Budget Stabilization Act. Provides for the transfer of certain amounts from the General Revenue Fund to the Pension Stabilization Fund. Makes other changes. Effective immediately.

LRB098 05111 JDS 35142 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

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 3. The Illinois Public Labor Relations Act is
5 amended by changing Sections 2, 4, 14, and 15 as follows:

6 (5 ILCS 315/2) (from Ch. 48, par. 1602)

7 Sec. 2. Policy. It is the public policy of the State of
8 Illinois to grant public employees full freedom of association,
9 self-organization, and designation of representatives of their
10 own choosing for the purpose of negotiating wages, hours and
11 other conditions of employment or other mutual aid or
12 protection.

13 It is the purpose of this Act to regulate labor relations
14 between public employers and employees, including the
15 designation of employee representatives, negotiation of wages,
16 hours and other conditions of employment, and resolution of
17 disputes arising under collective bargaining agreements.

18 It is the purpose of this Act to prescribe the legitimate
19 rights of both public employees and public employers, to
20 protect the public health and safety of the citizens of
21 Illinois, and to provide peaceful and orderly procedures for
22 protection of the rights of all. To prevent labor strife and to
23 protect the public health and safety of the citizens of

1 Illinois, all collective bargaining disputes involving persons
2 designated by the Board as performing essential services and
3 those persons defined herein as security employees shall be
4 submitted to impartial arbitrators, who shall be authorized to
5 issue awards in order to resolve such disputes; except that
6 such arbitration and awards shall not alter or affect the
7 changes, the impact of the changes, or the implementation of
8 the changes set forth in this amendatory Act of the 98th
9 General Assembly, which are prohibited subjects of bargaining.

10 It is the public policy of the State of Illinois that where the
11 right of employees to strike is prohibited by law, it is
12 necessary to afford an alternate, expeditious, equitable and
13 effective procedure for the resolution of labor disputes
14 subject to approval procedures mandated by this Act. To that
15 end, the provisions for such awards shall be liberally
16 construed.

17 (Source: P.A. 83-1012.)"; and

18 (5 ILCS 315/4) (from Ch. 48, par. 1604)

19 Sec. 4. Management Rights. Employers shall not be required
20 to bargain over matters of inherent managerial policy, which
21 shall include such areas of discretion or policy as the
22 functions of the employer, standards of services, its overall
23 budget, the organizational structure and selection of new
24 employees, examination techniques and direction of employees.
25 Employers, however, shall be required to bargain collectively

1 with regard to policy matters directly affecting wages, hours
2 and terms and conditions of employment as well as the impact
3 thereon upon request by employee representatives, but
4 excluding the changes, the impact of changes, and the
5 implementation of the changes set forth in this amendatory Act
6 of the 98th General Assembly, which are prohibited subjects of
7 bargaining.

8 To preserve the rights of employers and exclusive
9 representatives which have established collective bargaining
10 relationships or negotiated collective bargaining agreements
11 prior to the effective date of this Act, employers shall be
12 required to bargain collectively with regard to any matter
13 concerning wages, hours or conditions of employment about which
14 they have bargained for and agreed to in a collective
15 bargaining agreement prior to the effective date of this Act, but
16 excluding the changes, the impact of changes, and the
17 implementation of the changes set forth in this amendatory Act
18 of the 98th General Assembly, which are prohibited subjects of
19 bargaining.

20 The chief judge of the judicial circuit that employs a
21 public employee who is a court reporter, as defined in the
22 Court Reporters Act, has the authority to hire, appoint,
23 promote, evaluate, discipline, and discharge court reporters
24 within that judicial circuit.

25 Nothing in this amendatory Act of the 94th General Assembly
26 shall be construed to intrude upon the judicial functions of

1 any court. This amendatory Act of the 94th General Assembly
2 applies only to nonjudicial administrative matters relating to
3 the collective bargaining rights of court reporters.

4 (Source: P.A. 94-98, eff. 7-1-05.)

5 (5 ILCS 315/14) (from Ch. 48, par. 1614)

6 Sec. 14. Security Employee, Peace Officer and Fire Fighter
7 Disputes.

8 (a) In the case of collective bargaining agreements
9 involving units of security employees of a public employer,
10 Peace Officer Units, or units of fire fighters or paramedics,
11 and in the case of disputes under Section 18, unless the
12 parties mutually agree to some other time limit, mediation
13 shall commence 30 days prior to the expiration date of such
14 agreement or at such later time as the mediation services
15 chosen under subsection (b) of Section 12 can be provided to
16 the parties. In the case of negotiations for an initial
17 collective bargaining agreement, mediation shall commence upon
18 15 days notice from either party or at such later time as the
19 mediation services chosen pursuant to subsection (b) of Section
20 12 can be provided to the parties. In mediation under this
21 Section, if either party requests the use of mediation services
22 from the Federal Mediation and Conciliation Service, the other
23 party shall either join in such request or bear the additional
24 cost of mediation services from another source. The mediator
25 shall have a duty to keep the Board informed on the progress of

1 the mediation. If any dispute has not been resolved within 15
2 days after the first meeting of the parties and the mediator,
3 or within such other time limit as may be mutually agreed upon
4 by the parties, either the exclusive representative or employer
5 may request of the other, in writing, arbitration, and shall
6 submit a copy of the request to the Board.

7 (b) Within 10 days after such a request for arbitration has
8 been made, the employer shall choose a delegate and the
9 employees' exclusive representative shall choose a delegate to
10 a panel of arbitration as provided in this Section. The
11 employer and employees shall forthwith advise the other and the
12 Board of their selections.

13 (c) Within 7 days after the request of either party, the
14 parties shall request a panel of impartial arbitrators from
15 which they shall select the neutral chairman according to the
16 procedures provided in this Section. If the parties have agreed
17 to a contract that contains a grievance resolution procedure as
18 provided in Section 8, the chairman shall be selected using
19 their agreed contract procedure unless they mutually agree to
20 another procedure. If the parties fail to notify the Board of
21 their selection of neutral chairman within 7 days after receipt
22 of the list of impartial arbitrators, the Board shall appoint,
23 at random, a neutral chairman from the list. In the absence of
24 an agreed contract procedure for selecting an impartial
25 arbitrator, either party may request a panel from the Board.
26 Within 7 days of the request of either party, the Board shall

1 select from the Public Employees Labor Mediation Roster 7
2 persons who are on the labor arbitration panels of either the
3 American Arbitration Association or the Federal Mediation and
4 Conciliation Service, or who are members of the National
5 Academy of Arbitrators, as nominees for impartial arbitrator of
6 the arbitration panel. The parties may select an individual on
7 the list provided by the Board or any other individual mutually
8 agreed upon by the parties. Within 7 days following the receipt
9 of the list, the parties shall notify the Board of the person
10 they have selected. Unless the parties agree on an alternate
11 selection procedure, they shall alternatively strike one name
12 from the list provided by the Board until only one name
13 remains. A coin toss shall determine which party shall strike
14 the first name. If the parties fail to notify the Board in a
15 timely manner of their selection for neutral chairman, the
16 Board shall appoint a neutral chairman from the Illinois Public
17 Employees Mediation/Arbitration Roster.

18 (d) The chairman shall call a hearing to begin within 15
19 days and give reasonable notice of the time and place of the
20 hearing. The hearing shall be held at the offices of the Board
21 or at such other location as the Board deems appropriate. The
22 chairman shall preside over the hearing and shall take
23 testimony. Any oral or documentary evidence and other data
24 deemed relevant by the arbitration panel may be received in
25 evidence. The proceedings shall be informal. Technical rules of
26 evidence shall not apply and the competency of the evidence

1 shall not thereby be deemed impaired. A verbatim record of the
2 proceedings shall be made and the arbitrator shall arrange for
3 the necessary recording service. Transcripts may be ordered at
4 the expense of the party ordering them, but the transcripts
5 shall not be necessary for a decision by the arbitration panel.
6 The expense of the proceedings, including a fee for the
7 chairman, established in advance by the Board, shall be borne
8 equally by each of the parties to the dispute. The delegates,
9 if public officers or employees, shall continue on the payroll
10 of the public employer without loss of pay. The hearing
11 conducted by the arbitration panel may be adjourned from time
12 to time, but unless otherwise agreed by the parties, shall be
13 concluded within 30 days of the time of its commencement.
14 Majority actions and rulings shall constitute the actions and
15 rulings of the arbitration panel. Arbitration proceedings
16 under this Section shall not be interrupted or terminated by
17 reason of any unfair labor practice charge filed by either
18 party at any time.

19 (e) The arbitration panel may administer oaths, require the
20 attendance of witnesses, and the production of such books,
21 papers, contracts, agreements and documents as may be deemed by
22 it material to a just determination of the issues in dispute,
23 and for such purpose may issue subpoenas. If any person refuses
24 to obey a subpoena, or refuses to be sworn or to testify, or if
25 any witness, party or attorney is guilty of any contempt while
26 in attendance at any hearing, the arbitration panel may, or the

1 attorney general if requested shall, invoke the aid of any
2 circuit court within the jurisdiction in which the hearing is
3 being held, which court shall issue an appropriate order. Any
4 failure to obey the order may be punished by the court as
5 contempt.

6 (f) At any time before the rendering of an award, the
7 chairman of the arbitration panel, if he is of the opinion that
8 it would be useful or beneficial to do so, may remand the
9 dispute to the parties for further collective bargaining for a
10 period not to exceed 2 weeks. If the dispute is remanded for
11 further collective bargaining the time provisions of this Act
12 shall be extended for a time period equal to that of the
13 remand. The chairman of the panel of arbitration shall notify
14 the Board of the remand.

15 (g) At or before the conclusion of the hearing held
16 pursuant to subsection (d), the arbitration panel shall
17 identify the economic issues in dispute, and direct each of the
18 parties to submit, within such time limit as the panel shall
19 prescribe, to the arbitration panel and to each other its last
20 offer of settlement on each economic issue. The determination
21 of the arbitration panel as to the issues in dispute and as to
22 which of these issues are economic shall be conclusive. The
23 arbitration panel, within 30 days after the conclusion of the
24 hearing, or such further additional periods to which the
25 parties may agree, shall make written findings of fact and
26 promulgate a written opinion and shall mail or otherwise

1 deliver a true copy thereof to the parties and their
2 representatives and to the Board. As to each economic issue,
3 the arbitration panel shall adopt the last offer of settlement
4 which, in the opinion of the arbitration panel, more nearly
5 complies with the applicable factors prescribed in subsection
6 (h). The findings, opinions and order as to all other issues
7 shall be based upon the applicable factors prescribed in
8 subsection (h).

9 (h) Where there is no agreement between the parties, or
10 where there is an agreement but the parties have begun
11 negotiations or discussions looking to a new agreement or
12 amendment of the existing agreement, and wage rates or other
13 conditions of employment under the proposed new or amended
14 agreement are in dispute, the arbitration panel shall base its
15 findings, opinions and order upon the following factors, as
16 applicable:

17 (1) The lawful authority of the employer.

18 (2) Stipulations of the parties.

19 (3) The interests and welfare of the public and the
20 financial ability of the unit of government to meet those
21 costs.

22 (4) Comparison of the wages, hours and conditions of
23 employment of the employees involved in the arbitration
24 proceeding with the wages, hours and conditions of
25 employment of other employees performing similar services
26 and with other employees generally:

1 (A) In public employment in comparable
2 communities.

3 (B) In private employment in comparable
4 communities.

5 (5) The average consumer prices for goods and services,
6 commonly known as the cost of living.

7 (6) The overall compensation presently received by the
8 employees, including direct wage compensation, vacations,
9 holidays and other excused time, insurance and pensions,
10 medical and hospitalization benefits, the continuity and
11 stability of employment and all other benefits received.

12 (7) Changes in any of the foregoing circumstances
13 during the pendency of the arbitration proceedings.

14 (8) Such other factors, not confined to the foregoing,
15 which are normally or traditionally taken into
16 consideration in the determination of wages, hours and
17 conditions of employment through voluntary collective
18 bargaining, mediation, fact-finding, arbitration or
19 otherwise between the parties, in the public service or in
20 private employment.

21 (i) In the case of peace officers, the arbitration decision
22 shall be limited to wages, hours, and conditions of employment
23 (which may include residency requirements in municipalities
24 with a population under 1,000,000, but those residency
25 requirements shall not allow residency outside of Illinois) and
26 shall not include the following: i) residency requirements in

1 municipalities with a population of at least 1,000,000; ii) the
2 type of equipment, other than uniforms, issued or used; iii)
3 manning; iv) the total number of employees employed by the
4 department; v) mutual aid and assistance agreements to other
5 units of government; ~~and~~ vi) the criterion pursuant to which
6 force, including deadly force, can be used; and vii) the
7 changes, the impact of the changes, and the implementation of
8 the changes set forth in this amendatory Act of the 98th
9 General Assembly, which are prohibited subjects of bargaining;
10 provided, nothing herein shall preclude an arbitration
11 decision regarding equipment or manning levels if such decision
12 is based on a finding that the equipment or manning
13 considerations in a specific work assignment involve a serious
14 risk to the safety of a peace officer beyond that which is
15 inherent in the normal performance of police duties. Limitation
16 of the terms of the arbitration decision pursuant to this
17 subsection shall not be construed to limit the factors upon
18 which the decision may be based, as set forth in subsection
19 (h).

20 In the case of fire fighter, and fire department or fire
21 district paramedic matters, the arbitration decision shall be
22 limited to wages, hours, and conditions of employment (which
23 may include residency requirements in municipalities with a
24 population under 1,000,000, but those residency requirements
25 shall not allow residency outside of Illinois) and shall not
26 include the following matters: i) residency requirements in

1 municipalities with a population of at least 1,000,000; ii) the
2 type of equipment (other than uniforms and fire fighter turnout
3 gear) issued or used; iii) the total number of employees
4 employed by the department; iv) mutual aid and assistance
5 agreements to other units of government; ~~and~~ v) the criterion
6 pursuant to which force, including deadly force, can be used;
7 and vi) the changes, the impact of the changes, and the
8 implementation of the changes set forth in this amendatory Act
9 of the 98th General Assembly, which are prohibited subjects of
10 bargaining; provided, however, nothing herein shall preclude
11 an arbitration decision regarding equipment levels if such
12 decision is based on a finding that the equipment
13 considerations in a specific work assignment involve a serious
14 risk to the safety of a fire fighter beyond that which is
15 inherent in the normal performance of fire fighter duties.
16 Limitation of the terms of the arbitration decision pursuant to
17 this subsection shall not be construed to limit the facts upon
18 which the decision may be based, as set forth in subsection
19 (h).

20 The changes to this subsection (i) made by Public Act
21 90-385 (relating to residency requirements) do not apply to
22 persons who are employed by a combined department that performs
23 both police and firefighting services; these persons shall be
24 governed by the provisions of this subsection (i) relating to
25 peace officers, as they existed before the amendment by Public
26 Act 90-385.

1 To preserve historical bargaining rights, this subsection
2 shall not apply to any provision of a fire fighter collective
3 bargaining agreement in effect and applicable on the effective
4 date of this Act; provided, however, nothing herein shall
5 preclude arbitration with respect to any such provision.

6 In the case of security employees or employees deemed to be
7 essential workers pursuant to Section 18 of this Act, an
8 arbitration decision shall not alter or affect the changes, the
9 impact of the changes, or the implementation of the changes set
10 forth in this amendatory Act of the 98th General Assembly,
11 which are prohibited subjects of bargaining.

12 (j) Arbitration procedures shall be deemed to be initiated
13 by the filing of a letter requesting mediation as required
14 under subsection (a) of this Section. The commencement of a new
15 municipal fiscal year after the initiation of arbitration
16 procedures under this Act, but before the arbitration decision,
17 or its enforcement, shall not be deemed to render a dispute
18 moot, or to otherwise impair the jurisdiction or authority of
19 the arbitration panel or its decision. Increases in rates of
20 compensation awarded by the arbitration panel may be effective
21 only at the start of the fiscal year next commencing after the
22 date of the arbitration award. If a new fiscal year has
23 commenced either since the initiation of arbitration
24 procedures under this Act or since any mutually agreed
25 extension of the statutorily required period of mediation under
26 this Act by the parties to the labor dispute causing a delay in

1 the initiation of arbitration, the foregoing limitations shall
2 be inapplicable, and such awarded increases may be retroactive
3 to the commencement of the fiscal year, any other statute or
4 charter provisions to the contrary, notwithstanding. At any
5 time the parties, by stipulation, may amend or modify an award
6 of arbitration.

7 (k) Orders of the arbitration panel shall be reviewable,
8 upon appropriate petition by either the public employer or the
9 exclusive bargaining representative, by the circuit court for
10 the county in which the dispute arose or in which a majority of
11 the affected employees reside, but only for reasons that the
12 arbitration panel was without or exceeded its statutory
13 authority; the order is arbitrary, or capricious; or the order
14 was procured by fraud, collusion or other similar and unlawful
15 means. Such petitions for review must be filed with the
16 appropriate circuit court within 90 days following the issuance
17 of the arbitration order. The pendency of such proceeding for
18 review shall not automatically stay the order of the
19 arbitration panel. The party against whom the final decision of
20 any such court shall be adverse, if such court finds such
21 appeal or petition to be frivolous, shall pay reasonable
22 attorneys' fees and costs to the successful party as determined
23 by said court in its discretion. If said court's decision
24 affirms the award of money, such award, if retroactive, shall
25 bear interest at the rate of 12 percent per annum from the
26 effective retroactive date.

1 (1) During the pendency of proceedings before the
2 arbitration panel, existing wages, hours, and other conditions
3 of employment shall not be changed by action of either party
4 without the consent of the other but a party may so consent
5 without prejudice to his rights or position under this Act. The
6 proceedings are deemed to be pending before the arbitration
7 panel upon the initiation of arbitration procedures under this
8 Act.

9 (m) Security officers of public employers, and Peace
10 Officers, Fire Fighters and fire department and fire protection
11 district paramedics, covered by this Section may not withhold
12 services, nor may public employers lock out or prevent such
13 employees from performing services at any time.

14 (n) All of the terms decided upon by the arbitration panel
15 shall be included in an agreement to be submitted to the public
16 employer's governing body for ratification and adoption by law,
17 ordinance or the equivalent appropriate means.

18 The governing body shall review each term decided by the
19 arbitration panel. If the governing body fails to reject one or
20 more terms of the arbitration panel's decision by a 3/5 vote of
21 those duly elected and qualified members of the governing body,
22 within 20 days of issuance, or in the case of firefighters
23 employed by a state university, at the next regularly scheduled
24 meeting of the governing body after issuance, such term or
25 terms shall become a part of the collective bargaining
26 agreement of the parties. If the governing body affirmatively

1 rejects one or more terms of the arbitration panel's decision,
2 it must provide reasons for such rejection with respect to each
3 term so rejected, within 20 days of such rejection and the
4 parties shall return to the arbitration panel for further
5 proceedings and issuance of a supplemental decision with
6 respect to the rejected terms. Any supplemental decision by an
7 arbitration panel or other decision maker agreed to by the
8 parties shall be submitted to the governing body for
9 ratification and adoption in accordance with the procedures and
10 voting requirements set forth in this Section. The voting
11 requirements of this subsection shall apply to all disputes
12 submitted to arbitration pursuant to this Section
13 notwithstanding any contrary voting requirements contained in
14 any existing collective bargaining agreement between the
15 parties.

16 (o) If the governing body of the employer votes to reject
17 the panel's decision, the parties shall return to the panel
18 within 30 days from the issuance of the reasons for rejection
19 for further proceedings and issuance of a supplemental
20 decision. All reasonable costs of such supplemental proceeding
21 including the exclusive representative's reasonable attorney's
22 fees, as established by the Board, shall be paid by the
23 employer.

24 (p) Notwithstanding the provisions of this Section the
25 employer and exclusive representative may agree to submit
26 unresolved disputes concerning wages, hours, terms and

1 conditions of employment to an alternative form of impasse
2 resolution.

3 (Source: P.A. 96-813, eff. 10-30-09.)

4 (5 ILCS 315/15) (from Ch. 48, par. 1615)

5 Sec. 15. Act Takes Precedence.

6 (a) In case of any conflict between the provisions of this
7 Act and any other law (other than Section 5 of the State
8 Employees Group Insurance Act of 1971 and other than the
9 changes made to the Illinois Pension Code by Public Act 96-889
10 and the changes, impact of changes, and the implementation of
11 the changes made by this amendatory Act of the 98th ~~96th~~
12 General Assembly), executive order or administrative
13 regulation relating to wages, hours and conditions of
14 employment and employment relations, the provisions of this Act
15 or any collective bargaining agreement negotiated thereunder
16 shall prevail and control. Nothing in this Act shall be
17 construed to replace or diminish the rights of employees
18 established by Sections 28 and 28a of the Metropolitan Transit
19 Authority Act, Sections 2.15 through 2.19 of the Regional
20 Transportation Authority Act. The provisions of this Act are
21 subject to the changes made by this amendatory Act of the 98th
22 General Assembly and Section 5 of the State Employees Group
23 Insurance Act of 1971. Nothing in this Act shall be construed
24 to replace the necessity of complaints against a sworn peace
25 officer, as defined in Section 2(a) of the Uniform Peace

1 Officer Disciplinary Act, from having a complaint supported by
2 a sworn affidavit.

3 (b) Except as provided in subsection (a) above, any
4 collective bargaining contract between a public employer and a
5 labor organization executed pursuant to this Act shall
6 supersede any contrary statutes, charters, ordinances, rules
7 or regulations relating to wages, hours and conditions of
8 employment and employment relations adopted by the public
9 employer or its agents. Any collective bargaining agreement
10 entered into prior to the effective date of this Act shall
11 remain in full force during its duration.

12 (c) It is the public policy of this State, pursuant to
13 paragraphs (h) and (i) of Section 6 of Article VII of the
14 Illinois Constitution, that the provisions of this Act are the
15 exclusive exercise by the State of powers and functions which
16 might otherwise be exercised by home rule units. Such powers
17 and functions may not be exercised concurrently, either
18 directly or indirectly, by any unit of local government,
19 including any home rule unit, except as otherwise authorized by
20 this Act.

21 (Source: P.A. 95-331, eff. 8-21-07; 96-889, eff. 1-1-11.)

22 Section 5. The Governor's Office of Management and Budget
23 Act is amended by changing Sections 7 and 8 as follows:

24 (20 ILCS 3005/7) (from Ch. 127, par. 417)

1 Sec. 7. All statements and estimates of expenditures
2 submitted to the Office in connection with the preparation of a
3 State budget, and any other estimates of expenditures,
4 supporting requests for appropriations, shall be formulated
5 according to the various functions and activities for which the
6 respective department, office or institution of the State
7 government (including the elective officers in the executive
8 department and including the University of Illinois and the
9 judicial department) is responsible. All such statements and
10 estimates of expenditures relating to a particular function or
11 activity shall be further formulated or subject to analysis in
12 accordance with the following classification of objects:

13 (1) Personal services

14 (2) State contribution for employee group insurance

15 (3) Contractual services

16 (4) Travel

17 (5) Commodities

18 (6) Equipment

19 (7) Permanent improvements

20 (8) Land

21 (9) Electronic Data Processing

22 (10) Telecommunication services

23 (11) Operation of Automotive Equipment

24 (12) Contingencies

25 (13) Reserve

26 (14) Interest

- 1 (15) Awards and Grants
2 (16) Debt Retirement
3 (17) Non-cost Charges-
4 (18) State retirement contribution for annual normal cost
5 (19) State retirement contribution for unfunded accrued
6 liability.

7 (Source: P.A. 93-25, eff. 6-20-03.)

8 (20 ILCS 3005/8) (from Ch. 127, par. 418)

9 Sec. 8. When used in connection with a State budget or
10 expenditure or estimate, items (1) through (16) in the
11 classification of objects stated in Section 7 shall have the
12 meanings ascribed to those items in Sections 14 through 24.7,
13 respectively, of the State Finance Act. ~~"An Act in relation to~~
14 ~~State finance", approved June 10, 1919, as amended.~~

15 When used in connection with a State budget or expenditure
16 or estimate, items (18) and (19) in the classification of
17 objects stated in Section 7 shall have the meanings ascribed to
18 those items in Sections 24.12 and 24.13, respectively, of the
19 State Finance Act.

20 (Source: P.A. 82-325.)

21 Section 10. The State Finance Act is amended by changing
22 Section 13 and by adding Sections 24.12 and 24.13 as follows:

23 (30 ILCS 105/13) (from Ch. 127, par. 149)

1 Sec. 13. The objects and purposes for which appropriations
2 are made are classified and standardized by items as follows:

- 3 (1) Personal services;
- 4 (2) State contribution for employee group insurance;
- 5 (3) Contractual services;
- 6 (4) Travel;
- 7 (5) Commodities;
- 8 (6) Equipment;
- 9 (7) Permanent improvements;
- 10 (8) Land;
- 11 (9) Electronic Data Processing;
- 12 (10) Operation of automotive equipment;
- 13 (11) Telecommunications services;
- 14 (12) Contingencies;
- 15 (13) Reserve;
- 16 (14) Interest;
- 17 (15) Awards and Grants;
- 18 (16) Debt Retirement;
- 19 (17) Non-Cost Charges;
- 20 (18) State retirement contribution for annual normal cost;
- 21 (19) State retirement contribution for unfunded accrued
- 22 liability;
- 23 (20) ~~(18)~~ Purchase Contract for Real Estate.

24 When an appropriation is made to an officer, department,
25 institution, board, commission or other agency, or to a private
26 association or corporation, in one or more of the items above

1 specified, such appropriation shall be construed in accordance
2 with the definitions and limitations specified in this Act,
3 unless the appropriation act otherwise provides.

4 An appropriation for a purpose other than one specified and
5 defined in this Act may be made only as an additional, separate
6 and distinct item, specifically stating the object and purpose
7 thereof.

8 (Source: P.A. 84-263; 84-264.)

9 (30 ILCS 105/24.12 new)

10 Sec. 24.12. "State retirement contribution for annual
11 normal cost" defined. The term "State retirement contribution
12 for annual normal cost" means the portion of the total required
13 State contribution to a retirement system for a fiscal year
14 that represents the State's portion of the System's projected
15 normal cost for that fiscal year, as determined and certified
16 by the board of trustees of the retirement system in
17 conformance with the applicable provisions of the Illinois
18 Pension Code.

19 (30 ILCS 105/24.13 new)

20 Sec. 24.13. "State retirement contribution for unfunded
21 accrued liability" defined. The term "State retirement
22 contribution for unfunded accrued liability" means the portion
23 of the total required State contribution to a retirement system
24 for a fiscal year that is not included in the State retirement

1 contribution for annual normal cost.

2 Section 15. The Budget Stabilization Act is amended by
3 changing Sections 20 and 25 as follows:

4 (30 ILCS 122/20)

5 Sec. 20. Pension Stabilization Fund.

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

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

18 (c) For each fiscal year through State fiscal year 2013,
19 when the General Assembly's appropriations and transfers or
20 diversions as required by law from general funds do not exceed
21 98% of the estimated general funds revenues pursuant to
22 subsection (b) of Section 10, the Comptroller shall transfer
23 from the General Revenue Fund as provided by this Section a
24 total amount equal to 1.0% of the estimated general funds

1 revenues to the Pension Stabilization Fund.

2 (c-10) In State fiscal year 2020 and each fiscal year
3 thereafter, the State Comptroller shall order transferred and
4 the State Treasurer shall transfer \$1,000,000,000 from the
5 General Revenue Fund to the Pension Stabilization Fund.

6 (c-15) The transfers made pursuant to subsection (c-10) of
7 this Section shall continue through State fiscal year 2045 or
8 until each of the designated retirement systems, as defined in
9 Section 25, has achieved the funding ratio prescribed by law
10 for that retirement system, whichever occurs first; provided
11 that those transfers shall not be made after any provision of
12 this Act that is designated as inseverable in Section 97 of
13 this Act is declared to be unconstitutional or invalid other
14 than as applied.

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

22 Until State fiscal year 2014, before ~~Before~~ the final
23 transfer for a fiscal year is made, the Comptroller shall
24 reconcile the estimated general funds revenues used in
25 calculating the other transfers under this Section for that
26 fiscal year with the actual general funds revenues for that

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

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

10 (30 ILCS 122/25)

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

12 (a) As used in this Section, "designated retirement
13 systems" means:

14 (1) the State Employees' Retirement System of
15 Illinois;

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

18 (3) the State Universities Retirement System;

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

20 (5) the General Assembly Retirement System.

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

1 designated retirement systems. The amount deposited shall be
2 apportioned among the designated retirement systems in the same
3 proportion as their respective portions of the total actuarial
4 reserve deficiency of the designated retirement systems, as
5 most recently determined by the Governor's Office of Management
6 and Budget. Amounts received by a designated retirement system
7 under this Section shall be used for funding the unfunded
8 liabilities of the retirement system. Payments under this
9 Section are authorized by the continuing appropriation under
10 Section 1.7 of the State Pension Funds Continuing Appropriation
11 Act.

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

20 (d) Payments to the designated retirement systems under
21 this Section shall be in addition to, and not in lieu of, any
22 State contributions required under Section 2-124, 14-131,
23 15-155, 16-158, or 18-131 of the Illinois Pension Code.

24 Payments to the designated retirement systems under this
25 Section, transferred after the effective date of this
26 amendatory Act of the 98th General Assembly, do not reduce and

1 do not constitute payment of any portion of the required State
2 contribution under Article 2, 14, 15, 16, or 18 of the Illinois
3 Pension Code in that fiscal year. Such amounts shall not
4 reduce, and shall not be included in the calculation of, the
5 required State Contribution under Article 2, 14, 15, 16, or 18
6 of the Illinois Pension Code in any future year, until the
7 designated retirement system has received payment of
8 contributions pursuant to this Act.

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

10 Section 20. The Illinois Pension Code is amended by
11 changing Sections 1-103.3, 2-108, 2-119.1, 2-121.1, 2-124,
12 2-125, 2-126, 2-134, 2-162, 7-109, 14-103.10, 14-106, 14-114,
13 14-131, 14-132, 14-133, 14-135.08, 14-152.1, 15-106, 15-107,
14 15-111, 15-113.2, 15-136, 15-155, 15-156, 15-157, 15-165,
15 15-198, 16-106, 16-121, 16-127, 16-133, 16-133.1, 16-152,
16 16-158, 16-203, and 18-131 and by adding Sections 2-105.1,
17 2-105.2, 14-103.40, 14-103.41, 15-107.1, 15-107.2, 16-106.4,
18 16-106.5, and 16-158.2 as follows:

19 (40 ILCS 5/1-103.3)

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

22 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~
23 ~~of 1994~~ that change the method of calculating, certifying, and
24 paying the required State contributions to the retirement

1 systems established under Articles 2, 14, 15, 16, and 18 shall
2 first apply to the State contributions required for State
3 fiscal year 1996.

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

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

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

23 (40 ILCS 5/2-105.1 new)

24 Sec. 2-105.1. Tier I participant."Tier I participant": A
25 participant who first became a participant before January 1,

1 2011.

2 (40 ILCS 5/2-105.2 new)

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

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

7 Sec. 2-108. Salary. "Salary": (1) For members of the
8 General Assembly, the total compensation paid to the member by
9 the State for one year of service, including the additional
10 amounts, if any, paid to the member as an officer pursuant to
11 Section 1 of "An Act in relation to the compensation and
12 emoluments of the members of the General Assembly", approved
13 December 6, 1907, as now or hereafter amended.

14 (2) For the State executive officers specified in Section
15 2-105, the total compensation paid to the member for one year
16 of service.

17 (3) For members of the System who are participants under
18 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
19 of the House of Representatives or Secretary or Assistant
20 Secretary of the Senate, the total compensation paid to the
21 member for one year of service, but not to exceed the salary of
22 the highest salaried officer of the General Assembly.

23 However, in the event that federal law results in any
24 participant receiving imputed income based on the value of

1 group term life insurance provided by the State, such imputed
2 income shall not be included in salary for the purposes of this
3 Article.

4 Notwithstanding any other provision of this Code, the
5 salary of a Tier I participant for the purposes of this Code
6 shall not exceed, for periods of service in a term of office
7 beginning on or after the effective date of this amendatory Act
8 of the 98th General Assembly, the greater of (i) the annual
9 contribution and benefit base established for the applicable
10 year by the Commissioner of Social Security under the federal
11 Social Security Act or (ii) the annual salary of the
12 participant during the 365 days immediately preceding the
13 effective date of this Section.

14 (Source: P.A. 86-27; 86-273; 86-1028; 86-1488.)

15 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)
16 Sec. 2-119.1. Automatic increase in retirement annuity.

17 (a) Except as provided in subsections (a-1) and (a-2), a A
18 participant who retires after June 30, 1967, and who has not
19 received an initial increase under this Section before the
20 effective date of this amendatory Act of 1991, shall, in
21 January or July next following the first anniversary of
22 retirement, whichever occurs first, and in the same month of
23 each year thereafter, but in no event prior to age 60, have the
24 amount of the originally granted retirement annuity increased
25 as follows: for each year through 1971, 1 1/2%; for each year

1 from 1972 through 1979, 2%; and for 1980 and each year
2 thereafter, 3%. Annuitants who have received an initial
3 increase under this subsection prior to the effective date of
4 this amendatory Act of 1991 shall continue to receive their
5 annual increases in the same month as the initial increase.

6 (a-1) Notwithstanding any other provision of this Article,
7 for a Tier I retiree, the amount of each automatic increase in
8 retirement annuity occurring on or after the effective date of
9 this amendatory Act of the 98th General Assembly shall be the
10 lesser of (i) \$750 or (ii) 3% of the total annuity payable at
11 the time of the increase, including previous increases granted.

12 (a-2) Notwithstanding any other provision of this Article,
13 the System shall not grant any new or additional automatic
14 increase in retirement annuity to a Tier I retiree on or after
15 the effective date of this amendatory Act of the 98th General
16 Assembly and before January 1, 2020.

17 Notwithstanding any other provision of this Article, the
18 System shall not grant any new or additional automatic increase
19 in retirement annuity to a Tier I retiree who has not yet
20 attained the age of 67, regardless of any age augmentation
21 granted under this Article as an early retirement incentive.

22 If on the effective date of this amendatory Act of the 98th
23 General Assembly a Tier I retiree has already received an
24 annual increase under this Section but does not yet meet the
25 new eligibility requirements of this subsection, the annual
26 increases already received shall continue in force, but no

1 additional annual increase shall be granted until the Tier I
2 retiree meets the new eligibility requirements.

3 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)
4 and (a-2) apply without regard to whether or not the Tier I
5 retiree is in active service under this Article on or after the
6 effective date of this amendatory Act of the 98th General
7 Assembly.

8 (b) Beginning January 1, 1990, for eligible participants
9 who remain in service after attaining 20 years of creditable
10 service, the 3% increases provided under subsection (a) shall
11 begin to accrue on the January 1 next following the date upon
12 which the participant (1) attains age 55, or (2) attains 20
13 years of creditable service, whichever occurs later, and shall
14 continue to accrue while the participant remains in service;
15 such increases shall become payable on January 1 or July 1,
16 whichever occurs first, next following the first anniversary of
17 retirement. For any person who has service credit in the System
18 for the entire period from January 15, 1969 through December
19 31, 1992, regardless of the date of termination of service, the
20 reference to age 55 in clause (1) of this subsection (b) shall
21 be deemed to mean age 50.

22 This subsection (b) does not apply to any person who first
23 becomes a member of the System after August 8, 2003 (the
24 effective date of Public Act 93-494) ~~this amendatory Act of the~~
25 ~~93rd General Assembly.~~

26 (b-5) Notwithstanding any other provision of this Article,

1 a participant who first becomes a participant on or after
2 January 1, 2011 (the effective date of Public Act 96-889)
3 shall, in January or July next following the first anniversary
4 of retirement, whichever occurs first, and in the same month of
5 each year thereafter, but in no event prior to age 67, have the
6 amount of the originally granted retirement annuity ~~then being~~
7 ~~paid~~ increased by 3% or one-half the annual unadjusted
8 percentage increase in the Consumer Price Index for All Urban
9 Consumers as determined by the Public Pension Division of the
10 Department of Insurance under subsection (a) of Section
11 2-108.1, whichever is less. The changes made to this subsection
12 by this amendatory Act of the 98th General Assembly do not
13 apply to any automatic annual increase granted under this
14 subsection before the effective date of this amendatory Act.

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

25 (d) A participant who terminated service prior to July 1,
26 1967, with at least 14 years of service is entitled to an

1 increase in retirement annuity beginning January, 1976, and to
2 additional increases in January of each year thereafter.

3 The initial increase shall be 1 1/2% of the originally
4 granted retirement annuity multiplied by the number of full
5 years that the annuitant was in receipt of such annuity prior
6 to January 1, 1972, plus 2% of the originally granted
7 retirement annuity for each year after that date. The
8 subsequent annual increases shall be at the rate of 2% of the
9 originally granted retirement annuity for each year through
10 1979 and at the rate of 3% for 1980 and thereafter.

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

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

17 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

18 Sec. 2-121.1. Survivor's annuity - amount.

19 (a) A surviving spouse shall be entitled to 66 2/3% of the
20 amount of retirement annuity to which the participant or
21 annuitant was entitled on the date of death, without regard to
22 whether the participant had attained age 55 prior to his or her
23 death, subject to a minimum payment of 10% of salary. If a
24 surviving spouse, regardless of age, has in his or her care at
25 the date of death any eligible child or children of the

1 participant, the survivor's annuity shall be the greater of the
2 following: (1) 66 2/3% of the amount of retirement annuity to
3 which the participant or annuitant was entitled on the date of
4 death, or (2) 30% of the participant's salary increased by 10%
5 of salary on account of each such child, subject to a total
6 payment for the surviving spouse and children of 50% of salary.
7 If eligible children survive but there is no surviving spouse,
8 or if the surviving spouse dies or becomes disqualified by
9 remarriage while eligible children survive, each eligible
10 child shall be entitled to an annuity of 20% of salary, subject
11 to a maximum total payment for all such children of 50% of
12 salary.

13 However, the survivor's annuity payable under this Section
14 shall not be less than 100% of the amount of retirement annuity
15 to which the participant or annuitant was entitled on the date
16 of death, if he or she is survived by a dependent disabled
17 child.

18 The salary to be used for determining these benefits shall
19 be the salary used for determining the amount of retirement
20 annuity as provided in Section 2-119.01.

21 (b) Upon the death of a participant after the termination
22 of service or upon death of an annuitant, the maximum total
23 payment to a surviving spouse and eligible children, or to
24 eligible children alone if there is no surviving spouse, shall
25 be 75% of the retirement annuity to which the participant or
26 annuitant was entitled, unless there is a dependent disabled

1 child among the survivors.

2 (c) When a child ceases to be an eligible child, the
3 annuity to that child, or to the surviving spouse on account of
4 that child, shall thereupon cease, and the annuity payable to
5 the surviving spouse or other eligible children shall be
6 recalculated if necessary.

7 Upon the ineligibility of the last eligible child, the
8 annuity shall immediately revert to the amount payable upon
9 death of a participant or annuitant who leaves no eligible
10 children. If the surviving spouse is then under age 50, the
11 annuity as revised shall be deferred until the attainment of
12 age 50.

13 (d) Beginning January 1, 1990, every survivor's annuity
14 shall be increased (1) on each January 1 occurring on or after
15 the commencement of the annuity if the deceased member died
16 while receiving a retirement annuity, or (2) in other cases, on
17 each January 1 occurring on or after the first anniversary of
18 the commencement of the annuity, by an amount equal to 3% of
19 the current amount of the annuity, including any previous
20 increases under this Article. Such increases shall apply
21 without regard to whether the deceased member was in service on
22 or after the effective date of this amendatory Act of 1991, but
23 shall not accrue for any period prior to January 1, 1990.

24 (d-5) Notwithstanding any other provision of this Article,
25 the initial survivor's annuity of a survivor of a participant
26 who first becomes a participant on or after January 1, 2011

1 (the effective date of Public Act 96-889) shall be in the
2 amount of 66 2/3% of the amount of the retirement annuity to
3 which the participant or annuitant was entitled on the date of
4 death and shall be increased (1) on each January 1 occurring on
5 or after the commencement of the annuity if the deceased member
6 died while receiving a retirement annuity or (2) in other
7 cases, on each January 1 occurring on or after the first
8 anniversary of the commencement of the annuity, by an amount
9 equal to 3% or one-half the annual unadjusted percentage
10 increase in the Consumer Price Index for All Urban Consumers as
11 determined by the Public Pension Division of the Department of
12 Insurance under subsection (a) of Section 2-108.1, whichever is
13 less, of the originally granted survivor's annuity ~~then being~~
14 ~~paid~~. The changes made to this subsection by this amendatory
15 Act of the 98th General Assembly do not apply to any automatic
16 annual increase granted under this subsection before the
17 effective date of this amendatory Act.

18 (e) Notwithstanding any other provision of this Article,
19 beginning January 1, 1990, the minimum survivor's annuity
20 payable to any person who is entitled to receive a survivor's
21 annuity under this Article shall be \$300 per month, without
22 regard to whether or not the deceased participant was in
23 service on the effective date of this amendatory Act of 1989.

24 (f) In the case of a proportional survivor's annuity
25 arising under the Retirement Systems Reciprocal Act where the
26 amount payable by the System on January 1, 1993 is less than

1 \$300 per month, the amount payable by the System shall be
2 increased beginning on that date by a monthly amount equal to
3 \$2 for each full year that has expired since the annuity began.
4 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

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

6 Sec. 2-124. Contributions by State.

7 (a) The State shall make contributions to the System by
8 appropriations of amounts which, together with the
9 contributions of participants, interest earned on investments,
10 and other income will meet the cost of maintaining and
11 administering the System on a 100% ~~90%~~ funded basis in
12 accordance with actuarial recommendations by the end of State
13 fiscal year 2043.

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

19 (c) For State fiscal years 2014 through 2043, the minimum
20 contribution to the System to be made by the State for each
21 fiscal year shall be an amount determined by the System to be
22 equal to the sum of (1) the State's portion of the projected
23 normal cost for that fiscal year, plus (2) an amount sufficient
24 to bring the total assets of the System up to 100% of the total
25 actuarial liabilities of the System by the end of State fiscal

1 year 2043. In making these determinations, the required State
2 contribution shall be calculated each year as a level
3 percentage of payroll over the years remaining to and including
4 fiscal year 2043 and shall be determined under the projected
5 unit credit actuarial cost method.

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

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

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2006 is
23 \$4,157,000.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2007 is
26 \$5,220,300.

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

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

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

1 applicable.

2 Beginning in State fiscal year 2044, the minimum State
3 contribution for each fiscal year shall be the amount needed to
4 maintain the total assets of the System at 100% of the total
5 actuarial liabilities of the System.

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

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

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

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

7 Notwithstanding any other provision of this Section, the
8 required State contribution for State fiscal year 2005 and for
9 fiscal year 2008 and each fiscal year thereafter through State
10 fiscal year 2013, as calculated under this Section and
11 certified under Section 2-134, shall not exceed an amount equal
12 to (i) the amount of the required State contribution that would
13 have been calculated under this Section for that fiscal year if
14 the System had not received any payments under subsection (d)
15 of Section 7.2 of the General Obligation Bond Act, minus (ii)
16 the portion of the State's total debt service payments for that
17 fiscal year on the bonds issued in fiscal year 2003 for the
18 purposes of that Section 7.2, as determined and certified by
19 the Comptroller, that is the same as the System's portion of
20 the total moneys distributed under subsection (d) of Section
21 7.2 of the General Obligation Bond Act. In determining this
22 maximum for State fiscal years 2008 through 2010, however, the
23 amount referred to in item (i) shall be increased, as a
24 percentage of the applicable employee payroll, in equal
25 increments calculated from the sum of the required State
26 contribution for State fiscal year 2007 plus the applicable

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

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

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

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

21 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
22 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
23 7-13-12.)

24 (40 ILCS 5/2-125) (from Ch. 108 1/2, par. 2-125)

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

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

5 (b) All income, interest and dividends derived from
6 deposits and investments shall be credited to the account of
7 the system in the State Treasury and used to pay benefits under
8 this Article.

9 (c) Beginning July 1, 2013, the State shall be
10 contractually obligated to contribute to the System under
11 Section 2-124 in each State fiscal year an amount not less than
12 the sum of (i) the State's normal cost for that year and (ii)
13 the portion of the unfunded accrued liability assigned to that
14 year by law in accordance with a schedule that distributes
15 payments equitably over a reasonable period of time and in
16 accordance with accepted actuarial practices. The obligations
17 created under this subsection (c) are contractual obligations
18 protected and enforceable under Article I, Section 16 and
19 Article XIII, Section 5 of the Illinois Constitution.

20 Notwithstanding any other provision of law, if the State
21 fails to pay in a State fiscal year the amount guaranteed under
22 this subsection, the System may bring a mandamus action in the
23 Circuit Court of Sangamon County to compel the State to make
24 that payment, irrespective of other remedies that may be
25 available to the System. In ordering the State to make the
26 required payment, the court may order a reasonable payment

1 schedule to enable the State to make the required payment
2 without significantly imperiling the public health, safety, or
3 welfare.

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

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

19 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

20 Sec. 2-126. Contributions by participants.

21 (a) Each participant shall contribute toward the cost of
22 his or her retirement annuity a percentage of each payment of
23 salary received by him or her for service as a member as
24 follows: for service between October 31, 1947 and January 1,
25 1959, 5%; for service between January 1, 1959 and June 30,

1 1969, 6%; for service between July 1, 1969 and January 10,
2 1973, 6 1/2%; for service after January 10, 1973, 7%; for
3 service after December 31, 1981, 8 1/2%.

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

9 (1) beginning July 1, 2013 and through June 30, 2014,
10 1% of salary; and

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

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

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

25 (c) Beginning July 1, 1967, each participant shall
26 contribute 1% of salary towards the cost of automatic increase

1 in annuity provided in Section 2-119.1. These contributions
2 shall be made concurrently with contributions for retirement
3 annuity purposes.

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

21 (e) Notwithstanding any other provision of this Article,
22 the required contribution of a participant who first becomes a
23 participant on or after January 1, 2011 shall not exceed the
24 contribution that would be due under this Article if that
25 participant's highest salary for annuity purposes were
26 \$106,800, plus any increases in that amount under Section

1 2-108.1.

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

3 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

4 Sec. 2-134. To certify required State contributions and
5 submit vouchers.

6 (a) The Board shall certify to the Governor on or before
7 December 15 of each year through ~~until~~ December 15, 2011 the
8 amount of the required State contribution to the System for the
9 next fiscal year ~~and shall specifically identify the System's~~
10 ~~projected State normal cost for that fiscal year.~~ The
11 certification shall include a copy of the actuarial
12 recommendations upon which it is based ~~and shall specifically~~
13 ~~identify the System's projected State normal cost for that~~
14 ~~fiscal year.~~

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

1 certification of the required State contributions.

2 On or before January 15, 2013 and every January 15
3 thereafter, the Board shall certify to the Governor and the
4 General Assembly the amount of the required State contribution
5 for the next fiscal year. The Board's certification shall
6 include a copy of the actuarial recommendations upon which it
7 is based and shall specifically identify the System's projected
8 State normal cost for that fiscal year. The Board's
9 certification must note any deviations from the State Actuary's
10 recommended changes, the reason or reasons for not following
11 the State Actuary's recommended changes, and the fiscal impact
12 of not following the State Actuary's recommended changes on the
13 required State contribution.

14 (a-7) On or before May 1, 2004, the Board shall recalculate
15 and recertify to the Governor the amount of the required State
16 contribution to the System for State fiscal year 2005, taking
17 into account the amounts appropriated to and received by the
18 System under subsection (d) of Section 7.2 of the General
19 Obligation Bond Act.

20 On or before July 1, 2005, 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 2006, taking
23 into account the changes in required State contributions made
24 by this amendatory Act of the 94th General Assembly.

25 On or before April 1, 2011, the Board shall recalculate and
26 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2011, applying
2 the changes made by Public Act 96-889 to the System's assets
3 and liabilities as of June 30, 2009 as though Public Act 96-889
4 was approved on that date.

5 (b) Beginning in State fiscal year 1996, on or as soon as
6 possible after the 15th day of each month the Board shall
7 submit vouchers for payment of State contributions to the
8 System, in a total monthly amount of one-twelfth of the
9 required annual State contribution certified under subsection
10 (a). From the effective date of this amendatory Act of the 93rd
11 General Assembly through June 30, 2004, the Board shall not
12 submit vouchers for the remainder of fiscal year 2004 in excess
13 of the fiscal year 2004 certified contribution amount
14 determined under this Section after taking into consideration
15 the transfer to the System under subsection (d) of Section
16 6z-61 of the State Finance Act. These vouchers shall be paid by
17 the State Comptroller and Treasurer by warrants drawn on the
18 funds appropriated to the System for that fiscal year. If in
19 any month the amount remaining unexpended from all other
20 appropriations to the System for the applicable fiscal year
21 (including the appropriations to the System under Section 8.12
22 of the State Finance Act and Section 1 of the State Pension
23 Funds Continuing Appropriation Act) is less than the amount
24 lawfully vouchered under this Section, the difference shall be
25 paid from the General Revenue Fund under the continuing
26 appropriation authority provided in Section 1.1 of the State

1 Pension Funds Continuing Appropriation Act.

2 (c) The full amount of any annual appropriation for the
3 System for State fiscal year 1995 shall be transferred and made
4 available to the System at the beginning of that fiscal year at
5 the request of the Board. Any excess funds remaining at the end
6 of any fiscal year from appropriations shall be retained by the
7 System as a general reserve to meet the System's accrued
8 liabilities.

9 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
10 97-694, eff. 6-18-12.)

11 (40 ILCS 5/2-162)

12 Sec. 2-162. Application and expiration of new benefit
13 increases.

14 (a) As used in this Section, "new benefit increase" means
15 an increase in the amount of any benefit provided under this
16 Article, or an expansion of the conditions of eligibility for
17 any benefit under this Article, that results from an amendment
18 to this Code that takes effect after the effective date of this
19 amendatory Act of the 94th General Assembly. "New benefit
20 increase", however, does not include any benefit increase
21 resulting from the changes made to this Article by this
22 amendatory Act of the 98th General Assembly.

23 (b) Notwithstanding any other provision of this Code or any
24 subsequent amendment to this Code, every new benefit increase
25 is subject to this Section and shall be deemed to be granted

1 only in conformance with and contingent upon compliance with
2 the provisions of this Section.

3 (c) The Public Act enacting a new benefit increase must
4 identify and provide for payment to the System of additional
5 funding at least sufficient to fund the resulting annual
6 increase in cost to the System as it accrues.

7 Every new benefit increase is contingent upon the General
8 Assembly providing the additional funding required under this
9 subsection. The Commission on Government Forecasting and
10 Accountability shall analyze whether adequate additional
11 funding has been provided for the new benefit increase and
12 shall report its analysis to the Public Pension Division of the
13 Department of Financial and Professional Regulation. A new
14 benefit increase created by a Public Act that does not include
15 the additional funding required under this subsection is null
16 and void. If the Public Pension Division determines that the
17 additional funding provided for a new benefit increase under
18 this subsection is or has become inadequate, it may so certify
19 to the Governor and the State Comptroller and, in the absence
20 of corrective action by the General Assembly, the new benefit
21 increase shall expire at the end of the fiscal year in which
22 the certification is made.

23 (d) Every new benefit increase shall expire 5 years after
24 its effective date or on such earlier date as may be specified
25 in the language enacting the new benefit increase or provided
26 under subsection (c). This does not prevent the General

1 Assembly from extending or re-creating a new benefit increase
2 by law.

3 (e) Except as otherwise provided in the language creating
4 the new benefit increase, a new benefit increase that expires
5 under this Section continues to apply to persons who applied
6 and qualified for the affected benefit while the new benefit
7 increase was in effect and to the affected beneficiaries and
8 alternate payees of such persons, but does not apply to any
9 other person, including without limitation a person who
10 continues in service after the expiration date and did not
11 apply and qualify for the affected benefit while the new
12 benefit increase was in effect.

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

14 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

15 Sec. 7-109. Employee.

16 (1) "Employee" means any person who:

17 (a) 1. Receives earnings as payment for the performance
18 of personal services or official duties out of the
19 general fund of a municipality, or out of any special
20 fund or funds controlled by a municipality, or by an
21 instrumentality thereof, or a participating
22 instrumentality, including, in counties, the fees or
23 earnings of any county fee office; and

24 2. Under the usual common law rules applicable in
25 determining the employer-employee relationship, has

1 the status of an employee with a municipality, or any
2 instrumentality thereof, or a participating
3 instrumentality, including aldermen, county
4 supervisors and other persons (excepting those
5 employed as independent contractors) who are paid
6 compensation, fees, allowances or other emolument for
7 official duties, and, in counties, the several county
8 fee offices.

9 (b) Serves as a township treasurer appointed under the
10 School Code, as heretofore or hereafter amended, and who
11 receives for such services regular compensation as
12 distinguished from per diem compensation, and any regular
13 employee in the office of any township treasurer whether or
14 not his earnings are paid from the income of the permanent
15 township fund or from funds subject to distribution to the
16 several school districts and parts of school districts as
17 provided in the School Code, or from both such sources; or
18 is the chief executive officer, chief educational officer,
19 chief fiscal officer, or other employee of a Financial
20 Oversight Panel established pursuant to Article 1H of the
21 School Code, other than a superintendent or certified
22 school business official, except that such person shall not
23 be treated as an employee under this Section if that person
24 has negotiated with the Financial Oversight Panel, in
25 conjunction with the school district, a contractual
26 agreement for exclusion from this Section.

1 (c) Holds an elective office in a municipality,
2 instrumentality thereof or participating instrumentality.

3 (2) "Employee" does not include persons who:

4 (a) Are eligible for inclusion under any of the
5 following laws:

6 1. "An Act in relation to an Illinois State
7 Teachers' Pension and Retirement Fund", approved May
8 27, 1915, as amended;

9 2. Articles 15 and 16 of this Code.

10 However, such persons shall be included as employees to
11 the extent of earnings that are not eligible for inclusion
12 under the foregoing laws for services not of an
13 instructional nature of any kind.

14 However, any member of the armed forces who is employed
15 as a teacher of subjects in the Reserve Officers Training
16 Corps of any school and who is not certified under the law
17 governing the certification of teachers shall be included
18 as an employee.

19 (b) Are designated by the governing body of a
20 municipality in which a pension fund is required by law to
21 be established for policemen or firemen, respectively, as
22 performing police or fire protection duties, except that
23 when such persons are the heads of the police or fire
24 department and are not eligible to be included within any
25 such pension fund, they shall be included within this
26 Article; provided, that such persons shall not be excluded

1 to the extent of concurrent service and earnings not
2 designated as being for police or fire protection duties.
3 However, (i) any head of a police department who was a
4 participant under this Article immediately before October
5 1, 1977 and did not elect, under Section 3-109 of this Act,
6 to participate in a police pension fund shall be an
7 "employee", and (ii) any chief of police who elects to
8 participate in this Fund under Section 3-109.1 of this
9 Code, regardless of whether such person continues to be
10 employed as chief of police or is employed in some other
11 rank or capacity within the police department, shall be an
12 employee under this Article for so long as such person is
13 employed to perform police duties by a participating
14 municipality and has not lawfully rescinded that election.

15 (c) After August 26, 2011 (the effective date of Public
16 Act 97-609), are contributors to or eligible to contribute
17 to a Taft-Hartley pension plan established on or before
18 June 1, 2011 and are employees of a theatre, arena, or
19 convention center that is located in a municipality located
20 in a county with a population greater than 5,000,000, and
21 to which the participating municipality is required to
22 contribute as the person's employer based on earnings from
23 the municipality. Nothing in this paragraph shall affect
24 service credit or creditable service for any period of
25 service prior to August 26, 2011, and this paragraph shall
26 not apply to individuals who are participating in the Fund

1 prior to August 26, 2011.

2 (d) Become an employee of any of the following
3 participating instrumentalities on or after the effective
4 date of this amendatory Act of the 98th General Assembly:
5 the Illinois Municipal League; the Illinois Association of
6 Park Districts; the Illinois Supervisors, County
7 Commissioners and Superintendents of Highways Association;
8 an association, or not-for-profit corporation, membership
9 in which is authorized under Section 85-15 of the Township
10 Code; the United Counties Council; or the Will County
11 Governmental League.

12 (3) All persons, including, without limitation, public
13 defenders and probation officers, who receive earnings from
14 general or special funds of a county for performance of
15 personal services or official duties within the territorial
16 limits of the county, are employees of the county (unless
17 excluded by subsection (2) of this Section) notwithstanding
18 that they may be appointed by and are subject to the direction
19 of a person or persons other than a county board or a county
20 officer. It is hereby established that an employer-employee
21 relationship under the usual common law rules exists between
22 such employees and the county paying their salaries by reason
23 of the fact that the county boards fix their rates of
24 compensation, appropriate funds for payment of their earnings
25 and otherwise exercise control over them. This finding and this
26 amendatory Act shall apply to all such employees from the date

1 of appointment whether such date is prior to or after the
2 effective date of this amendatory Act and is intended to
3 clarify existing law pertaining to their status as
4 participating employees in the Fund.

5 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;
6 97-813, eff. 7-13-12.)

7 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)
8 Sec. 14-103.10. Compensation.

9 (a) For periods of service prior to January 1, 1978, the
10 full rate of salary or wages payable to an employee for
11 personal services performed if he worked the full normal
12 working period for his position, subject to the following
13 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
14 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
15 inclusive, \$625 per month or \$7,500 per year; (3) beginning
16 July 1, 1957, no limitation.

17 In the case of service of an employee in a position
18 involving part-time employment, compensation shall be
19 determined according to the employees' earnings record.

20 (b) For periods of service on and after January 1, 1978,
21 all remuneration for personal services performed defined as
22 "wages" under the Social Security Enabling Act, including that
23 part of such remuneration which is in excess of any maximum
24 limitation provided in such Act, and including any benefits
25 received by an employee under a sick pay plan in effect before

1 January 1, 1981, but excluding lump sum salary payments:

- 2 (1) for vacation,
3 (2) for accumulated unused sick leave,
4 (3) upon discharge or dismissal,
5 (4) for approved holidays.

6 (c) For periods of service on or after December 16, 1978,
7 compensation also includes any benefits, other than lump sum
8 salary payments made at termination of employment, which an
9 employee receives or is eligible to receive under a sick pay
10 plan authorized by law.

11 (d) For periods of service after September 30, 1985,
12 compensation also includes any remuneration for personal
13 services not included as "wages" under the Social Security
14 Enabling Act, which is deducted for purposes of participation
15 in a program established pursuant to Section 125 of the
16 Internal Revenue Code or its successor laws.

17 (e) For members for which Section 1-160 applies for periods
18 of service on and after January 1, 2011, all remuneration for
19 personal services performed defined as "wages" under the Social
20 Security Enabling Act, excluding remuneration that is in excess
21 of the annual earnings, salary, or wages of a member or
22 participant, as provided in subsection (b-5) of Section 1-160,
23 but including any benefits received by an employee under a sick
24 pay plan in effect before January 1, 1981. Compensation shall
25 exclude lump sum salary payments:

- 26 (1) for vacation;

- 1 (2) for accumulated unused sick leave;
2 (3) upon discharge or dismissal; and
3 (4) for approved holidays.

4 (f) Notwithstanding any other provision of this Code, the
5 compensation of a Tier I member for the purposes of this Code
6 shall not exceed, for periods of service on or after the
7 effective date of this amendatory Act of the 98th General
8 Assembly, the greater of (i) the annual contribution and
9 benefit base established for the applicable year by the
10 Commissioner of Social Security under the federal Social
11 Security Act or (ii) the annual compensation of the member
12 during the 365 days immediately preceding the effective date of
13 this Section; except that this limitation does not apply to a
14 member's compensation that is determined under an employment
15 contract or collective bargaining agreement that is in effect
16 on the effective date of this amendatory Act of the 98th
17 General Assembly and has not been amended or renewed after that
18 date.

19 (g) Notwithstanding the other provisions of this Section,
20 for an employee who first becomes a participant on or after the
21 effective date of this amendatory Act of the 98th General
22 Assembly, "compensation" does not include any payments or
23 reimbursements for travel vouchers.

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

25 (40 ILCS 5/14-103.40 new)

1 Sec. 14-103.40. Tier I member. "Tier I member": A member of
2 this System who first became a member or participant before
3 January 1, 2011 under any reciprocal retirement system or
4 pension fund established under this Code other than a
5 retirement system or pension fund established under Article 2,
6 3, 4, 5, 6, or 18 of this Code.

7 (40 ILCS 5/14-103.41 new)

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

10 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

11 Sec. 14-106. Membership service credit.

12 (a) After January 1, 1944, all service of a member since he
13 last became a member with respect to which contributions are
14 made shall count as membership service; provided, that for
15 service on and after July 1, 1950, 12 months of service shall
16 constitute a year of membership service, the completion of 15
17 days or more of service during any month shall constitute 1
18 month of membership service, 8 to 15 days shall constitute 1/2
19 month of membership service and less than 8 days shall
20 constitute 1/4 month of membership service. The payroll record
21 of each department shall constitute conclusive evidence of the
22 record of service rendered by a member.

23 (b) For a member who is employed and paid on an
24 academic-year basis rather than on a 12-month annual basis,

1 employment for a full academic year shall constitute a full
2 year of membership service, except that the member shall not
3 receive more than one year of membership service credit (plus
4 any additional service credit granted for unused sick leave)
5 for service during any 12-month period. This subsection (b)
6 applies to all such service for which the member has not begun
7 to receive a retirement annuity before January 1, 2001.

8 (c) A member who first participated in this System before
9 the effective date of this amendatory Act of the 98th General
10 Assembly shall be entitled to additional service credit, under
11 rules prescribed by the Board, for accumulated unused sick
12 leave credited to his account in the last Department on the
13 date of withdrawal from service or for any period for which he
14 would have been eligible to receive benefits under a sick pay
15 plan authorized by law, if he had suffered a sickness or
16 accident on the date of withdrawal from service. It shall be
17 the responsibility of the last Department to certify to the
18 Board the length of time salary or benefits would have been
19 paid to the member based upon the accumulated unused sick leave
20 or the applicable sick pay plan if he had become entitled
21 thereto because of sickness on the date that his status as an
22 employee terminated. This period of service credit granted
23 under this paragraph shall not be considered in determining the
24 date the retirement annuity is to begin, or final average
25 compensation.

26 Service credit is not available for unused sick leave

1 accumulated by a person who first participates in this System
2 on or after the effective date of this amendatory Act of the
3 98th General Assembly.

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

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

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

7 (a) Except as provided in subsections (a-1) and (a-2), any
8 ~~Any~~ person receiving a retirement annuity under this Article
9 who retires having attained age 60, or who retires before age
10 60 having at least 35 years of creditable service, or who
11 retires on or after January 1, 2001 at an age which, when added
12 to the number of years of his or her creditable service, equals
13 at least 85, shall, on January 1 next following the first full
14 year of retirement, have the amount of the then fixed and
15 payable monthly retirement annuity increased 3%. Any person
16 receiving a retirement annuity under this Article who retires
17 before attainment of age 60 and with less than (i) 35 years of
18 creditable service if retirement is before January 1, 2001, or
19 (ii) the number of years of creditable service which, when
20 added to the member's age, would equal 85, if retirement is on
21 or after January 1, 2001, shall have the amount of the fixed
22 and payable retirement annuity increased by 3% on the January 1
23 occurring on or next following (1) attainment of age 60, or (2)
24 the first anniversary of retirement, whichever occurs later.
25 However, for persons who receive the alternative retirement

1 annuity under Section 14-110, references in this subsection (a)
2 to attainment of age 60 shall be deemed to refer to attainment
3 of age 55. For a person receiving early retirement incentives
4 under Section 14-108.3 whose retirement annuity began after
5 January 1, 1992 pursuant to an extension granted under
6 subsection (e) of that Section, the first anniversary of
7 retirement shall be deemed to be January 1, 1993. For a person
8 who retires on or after June 28, 2001 and on or before October
9 1, 2001, and whose retirement annuity is calculated, in whole
10 or in part, under Section 14-110 or subsection (g) or (h) of
11 Section 14-108, the first anniversary of retirement shall be
12 deemed to be January 1, 2002.

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

16 Beginning January 1, 1990 and except as provided in
17 subsections (a-1) and (a-2), all automatic annual increases
18 payable under this Section shall be calculated as a percentage
19 of the total annuity payable at the time of the increase,
20 including previous increases granted under this Article.

21 (a-1) Notwithstanding any other provision of this Article,
22 for a Tier I retiree, the amount of each automatic increase in
23 retirement annuity occurring on or after the effective date of
24 this amendatory Act of the 98th General Assembly shall be the
25 lesser of (i) \$600 (\$750 if the annuity is based primarily upon
26 service as a noncovered employee) or (ii) 3% of the total

1 annuity payable at the time of the increase, including previous
2 increases granted.

3 (a-2) Notwithstanding any other provision of this Article,
4 the System shall not grant any new or additional automatic
5 increase in retirement annuity to a Tier I retiree on or after
6 the effective date of this amendatory Act of the 98th General
7 Assembly and before January 1, 2020.

8 Notwithstanding any other provision of this Article, the
9 System shall not grant any new or additional automatic increase
10 in retirement annuity to a Tier I retiree who has not yet
11 attained the age of 67, regardless of any age augmentation
12 granted under this Article as an early retirement incentive.

13 If on the effective date of this amendatory Act of the 98th
14 General Assembly a Tier I retiree has already received an
15 annual increase under this Section but does not yet meet the
16 new eligibility requirements of this subsection, the annual
17 increases already received shall continue in force, but no
18 additional annual increase shall be granted until the Tier I
19 retiree meets the new eligibility requirements.

20 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)
21 and (a-2) apply without regard to whether or not the Tier I
22 retiree is in active service under this Article on or after the
23 effective date of this amendatory Act of the 98th General
24 Assembly.

25 (b) The provisions of subsection (a) of this Section shall
26 be applicable to an employee only if the employee makes the

1 additional contributions required after December 31, 1969 for
2 the purpose of the automatic increases for not less than the
3 equivalent of one full year. If an employee becomes an
4 annuitant before his additional contributions equal one full
5 year's contributions based on his salary at the date of
6 retirement, the employee may pay the necessary balance of the
7 contributions to the system, without interest, and be eligible
8 for the increasing annuity authorized by this Section.

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

14 (d) In addition to other increases which may be provided by
15 this Section, on January 1, 1981 any annuitant who was
16 receiving a retirement annuity on or before January 1, 1971
17 shall have his retirement annuity then being paid increased \$1
18 per month for each year of creditable service. On January 1,
19 1982, any annuitant who began receiving a retirement annuity on
20 or before January 1, 1977, shall have his retirement annuity
21 then being paid increased \$1 per month for each year of
22 creditable service.

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

1 have elapsed since the annuity began.

2 (e) Every person who receives the alternative retirement
3 annuity under Section 14-110 and who is eligible to receive the
4 3% increase under subsection (a) on January 1, 1986, shall also
5 receive on that date a one-time increase in retirement annuity
6 equal to the difference between (1) his actual retirement
7 annuity on that date, including any increases received under
8 subsection (a), and (2) the amount of retirement annuity he
9 would have received on that date if the amendments to
10 subsection (a) made by Public Act 84-162 had been in effect
11 since the date of his retirement.

12 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
13 92-651, eff. 7-11-02.)

14 (40 ILCS 5/14-131)

15 Sec. 14-131. Contributions by State.

16 (a) The State shall make contributions to the System by
17 appropriations of amounts which, together with other employer
18 contributions from trust, federal, and other funds, employee
19 contributions, investment income, and other income, will be
20 sufficient to meet the cost of maintaining and administering
21 the System on a 100% ~~90%~~ funded basis in accordance with
22 actuarial recommendations by the end of State fiscal year 2043.

23 For the purposes of this Section and Section 14-135.08,
24 references to State contributions refer only to employer
25 contributions and do not include employee contributions that

1 are picked up or otherwise paid by the State or a department on
2 behalf of the employee.

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

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

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

25 (c) Contributions shall be made by the several departments
26 for each pay period by warrants drawn by the State Comptroller

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

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

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

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

15 (e) For State fiscal years 2014 through 2043, the minimum
16 contribution to the System to be made by the State for each
17 fiscal year shall be an amount determined by the System to be
18 equal to the sum of (1) the State's portion of the projected
19 normal cost for that fiscal year, plus (2) an amount sufficient
20 to bring the total assets of the System up to 100% of the total
21 actuarial liabilities of the System by the end of State fiscal
22 year 2043. In making these determinations, the required State
23 contribution shall be calculated each year as a level
24 percentage of payroll over the years remaining to and including
25 fiscal year 2043 and shall be determined under the projected
26 unit credit actuarial cost method.

1 For State fiscal years 2012 and 2013 ~~through 2045~~, 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 1996 through 2005, the State
12 contribution to the System, as a percentage of the applicable
13 employee payroll, shall be increased in equal annual increments
14 so that by State fiscal year 2011, the State is contributing at
15 the rate required under this Section; except that (i) for State
16 fiscal year 1998, for all purposes of this Code and any other
17 law of this State, the certified percentage of the applicable
18 employee payroll shall be 5.052% for employees earning eligible
19 creditable service under Section 14-110 and 6.500% for all
20 other employees, notwithstanding any contrary certification
21 made under Section 14-135.08 before the effective date of this
22 amendatory Act of 1997, and (ii) in the following specified
23 State fiscal years, the State contribution to the System shall
24 not be less than the following indicated percentages of the
25 applicable employee payroll, even if the indicated percentage
26 will produce a State contribution in excess of the amount

1 otherwise required under this subsection and subsection (a):
2 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
3 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

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

26 Notwithstanding any other provision of this Article, the

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

11 Beginning in State fiscal year 2044, the minimum State
12 contribution for each fiscal year shall be the amount needed to
13 maintain the total assets of the System at 100% of the total
14 actuarial liabilities of the System.

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

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

1 funding ratio of at least 100% ~~90%~~. A reference in this Article
2 to the "required State contribution" or any substantially
3 similar term does not include or apply to any amounts payable
4 to the System under Section 25 of the Budget Stabilization Act.

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

16 Notwithstanding any other provision of this Section, the
17 required State contribution for State fiscal year 2005 and for
18 fiscal year 2008 and each fiscal year thereafter through State
19 fiscal year 2013, as calculated under this Section and
20 certified under Section 14-135.08, shall not exceed an amount
21 equal to (i) the amount of the required State contribution that
22 would have been calculated under this Section for that fiscal
23 year if the System had not received any payments under
24 subsection (d) of Section 7.2 of the General Obligation Bond
25 Act, minus (ii) the portion of the State's total debt service
26 payments for that fiscal year on the bonds issued in fiscal

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

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

1 received by the System in fiscal year 2004 through payments
2 under this Section and under Section 6z-61 of the State Finance
3 Act. If the amount due is more than the amount received, the
4 difference shall be termed the "Fiscal Year 2004 Shortfall" for
5 purposes of this Section, and the Fiscal Year 2004 Shortfall
6 shall be satisfied under Section 1.2 of the State Pension Funds
7 Continuing Appropriation Act. If the amount due is less than
8 the amount received, the difference shall be termed the "Fiscal
9 Year 2004 Overpayment" for purposes of this Section, and the
10 Fiscal Year 2004 Overpayment shall be repaid by the System to
11 the Pension Contribution Fund as soon as practicable after the
12 certification.

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

25 (j) After the submission of all payments for eligible
26 employees from personal services line items paid from the

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

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

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

17 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
18 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
19 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,
20 eff. 6-30-12.)

21 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

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

23 (a) The payment of the required department contributions,
24 all allowances, annuities, benefits granted under this
25 Article, and all expenses of administration of the system are

1 obligations of the State of Illinois to the extent specified in
2 this Article.

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

7 (c) Beginning July 1, 2013, the State shall be
8 contractually obligated to contribute to the System under
9 Section 14-131 in each State fiscal year an amount not less
10 than the sum of (i) the State's normal cost for that year and
11 (ii) the portion of the unfunded accrued liability assigned to
12 that year by law in accordance with a schedule that distributes
13 payments equitably over a reasonable period of time and in
14 accordance with accepted actuarial practices. The obligations
15 created under this subsection (c) are contractual obligations
16 protected and enforceable under Article I, Section 16 and
17 Article XIII, Section 5 of the Illinois Constitution.

18 Notwithstanding any other provision of law, if the State
19 fails to pay in a State fiscal year the amount guaranteed under
20 this subsection, the System may bring a mandamus action in the
21 Circuit Court of Sangamon County to compel the State to make
22 that payment, irrespective of other remedies that may be
23 available to the System. In ordering the State to make the
24 required payment, the court may order a reasonable payment
25 schedule to enable the State to make the required payment
26 without significantly imperiling the public health, safety, or

1 welfare.

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

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

17 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

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

25 (2) Noncovered employees, except as indicated below,

1 7% for retirement annuity and 1% for a widow or survivors
2 annuity;

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

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

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

21 (6) Each security employee of the Department of
22 Corrections or of the Department of Human Services who is
23 not a covered employee, 1% for a widow or survivors annuity
24 plus the following amount for retirement annuity: 8.5%
25 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
26 11.5% in 2004 and thereafter.

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

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 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

17 Sec. 14-135.08. To certify required State contributions.

18 (a) To certify to the Governor and to each department, on
19 or before November 15 of each year through ~~until~~ November 15,
20 2011, the required rate for State contributions to the System
21 for the next State fiscal year, as determined under subsection
22 (b) of Section 14-131. The certification to the Governor under
23 this subsection (a) shall include a copy of the actuarial
24 recommendations upon which the rate is based ~~and shall~~
25 ~~specifically identify the System's projected State normal cost~~

1 ~~for that fiscal year.~~

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

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

26 (b) The certifications under subsections (a) and (a-5)

1 shall include an additional amount necessary to pay all
2 principal of and interest on those general obligation bonds due
3 the next fiscal year authorized by Section 7.2(a) of the
4 General Obligation Bond Act and issued to provide the proceeds
5 deposited by the State with the System in July 2003,
6 representing deposits other than amounts reserved under
7 Section 7.2(c) of the General Obligation Bond Act. For State
8 fiscal year 2005, the Board shall make a supplemental
9 certification of the additional amount necessary to pay all
10 principal of and interest on those general obligation bonds due
11 in State fiscal years 2004 and 2005 authorized by Section
12 7.2(a) of the General Obligation Bond Act and issued to provide
13 the proceeds deposited by the State with the System in July
14 2003, representing deposits other than amounts reserved under
15 Section 7.2(c) of the General Obligation Bond Act, as soon as
16 practical after the effective date of this amendatory Act of
17 the 93rd General Assembly.

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

25 On or before July 1, 2005, the Board shall recalculate and
26 recertify to the Governor and to each department the amount of

1 the required State contribution to the System and the required
2 rates for State contributions to the System for State fiscal
3 year 2006, taking into account the changes in required State
4 contributions made by this amendatory Act of the 94th General
5 Assembly.

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

12 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
13 97-694, eff. 6-18-12.)

14 (40 ILCS 5/14-152.1)

15 Sec. 14-152.1. Application and expiration of new benefit
16 increases.

17 (a) As used in this Section, "new benefit increase" means
18 an increase in the amount of any benefit provided under this
19 Article, or an expansion of the conditions of eligibility for
20 any benefit under this Article, that results from an amendment
21 to this Code that takes effect after June 1, 2005 (the
22 effective date of Public Act 94-4). "New benefit increase",
23 however, does not include any benefit increase resulting from
24 the changes made to this Article by Public Act 96-37 or by this
25 amendatory Act of the 98th ~~96th~~ General Assembly.

1 (b) Notwithstanding any other provision of this Code or any
2 subsequent amendment to this Code, every new benefit increase
3 is subject to this Section and shall be deemed to be granted
4 only in conformance with and contingent upon compliance with
5 the provisions of this Section.

6 (c) The Public Act enacting a new benefit increase must
7 identify and provide for payment to the System of additional
8 funding at least sufficient to fund the resulting annual
9 increase in cost to the System as it accrues.

10 Every new benefit increase is contingent upon the General
11 Assembly providing the additional funding required under this
12 subsection. The Commission on Government Forecasting and
13 Accountability shall analyze whether adequate additional
14 funding has been provided for the new benefit increase and
15 shall report its analysis to the Public Pension Division of the
16 Department of Financial and Professional Regulation. A new
17 benefit increase created by a Public Act that does not include
18 the additional funding required under this subsection is null
19 and void. If the Public Pension Division determines that the
20 additional funding provided for a new benefit increase under
21 this subsection is or has become inadequate, it may so certify
22 to the Governor and the State Comptroller and, in the absence
23 of corrective action by the General Assembly, the new benefit
24 increase shall expire at the end of the fiscal year in which
25 the certification is made.

26 (d) Every new benefit increase shall expire 5 years after

1 its effective date or on such earlier date as may be specified
2 in the language enacting the new benefit increase or provided
3 under subsection (c). This does not prevent the General
4 Assembly from extending or re-creating a new benefit increase
5 by law.

6 (e) Except as otherwise provided in the language creating
7 the new benefit increase, a new benefit increase that expires
8 under this Section continues to apply to persons who applied
9 and qualified for the affected benefit while the new benefit
10 increase was in effect and to the affected beneficiaries and
11 alternate payees of such persons, but does not apply to any
12 other person, including without limitation a person who
13 continues in service after the expiration date and did not
14 apply and qualify for the affected benefit while the new
15 benefit increase was in effect.

16 (Source: P.A. 96-37, eff. 7-13-09.)

17 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

18 Sec. 15-106. Employer. "Employer": The University of
19 Illinois, Southern Illinois University, Chicago State
20 University, Eastern Illinois University, Governors State
21 University, Illinois State University, Northeastern Illinois
22 University, Northern Illinois University, Western Illinois
23 University, the State Board of Higher Education, the Illinois
24 Mathematics and Science Academy, the University Civil Service
25 Merit Board, the Board of Trustees of the State Universities

1 Retirement System, the Illinois Community College Board,
2 community college boards, any association of community college
3 boards organized under Section 3-55 of the Public Community
4 College Act, the Board of Examiners established under the
5 Illinois Public Accounting Act, and, only during the period for
6 which employer contributions required under Section 15-155 are
7 paid, the following organizations: the alumni associations,
8 the foundations and the athletic associations which are
9 affiliated with the universities and colleges included in this
10 Section as employers. An individual that begins employment
11 after the effective date of this amendatory Act of the 98th
12 General Assembly with an entity not defined as an employer in
13 this Section shall not be deemed an employee for the purposes
14 of this Article with respect to that employment and shall not
15 be eligible to participate in the System with respect to that
16 employment; provided, however, that those individuals who are
17 both employed and already participants in the System on the
18 effective date of this amendatory Act of the 98th General
19 Assembly shall be allowed to continue as participants in the
20 System for the duration of that employment.

21 Notwithstanding any provision of law to the contrary, an
22 individual who begins employment with any of the following
23 employers on or after the effective date of this amendatory Act
24 of the 98th General Assembly shall not be deemed an employee
25 and shall not be eligible to participate in the System with
26 respect to that employment: any association of community

1 college boards organized under Section 3-55 of the Public
2 Community College Act, the Association of Illinois
3 Middle-Grade Schools, the Illinois Association of School
4 Administrators, the Illinois Association for Supervision and
5 Curriculum Development, the Illinois Principals Association,
6 the Illinois Association of School Business Officials, or the
7 Illinois Special Olympics; provided, however, that those
8 individuals who are both employed and already participants in
9 the System on the effective date of this amendatory Act of the
10 98th General Assembly shall be allowed to continue as
11 participants in the System for the duration of that employment.

12 A department as defined in Section 14-103.04 is an employer
13 for any person appointed by the Governor under the Civil
14 Administrative Code of Illinois who is a participating employee
15 as defined in Section 15-109. The Department of Central
16 Management Services is an employer with respect to persons
17 employed by the State Board of Higher Education in positions
18 with the Illinois Century Network as of June 30, 2004 who
19 remain continuously employed after that date by the Department
20 of Central Management Services in positions with the Illinois
21 Century Network, the Bureau of Communication and Computer
22 Services, or, if applicable, any successor bureau.

23 The cities of Champaign and Urbana shall be considered
24 employers, but only during the period for which contributions
25 are required to be made under subsection (b-1) of Section
26 15-155 and only with respect to individuals described in

1 subsection (h) of Section 15-107.

2 (Source: P.A. 95-369, eff. 8-23-07; 95-728, eff. 7-1-08 - See
3 Sec. 999.)

4 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)

5 Sec. 15-107. Employee.

6 (a) "Employee" means any member of the educational,
7 administrative, secretarial, clerical, mechanical, labor or
8 other staff of an employer whose employment is permanent and
9 continuous or who is employed in a position in which services
10 are expected to be rendered on a continuous basis for at least
11 4 months or one academic term, whichever is less, who (A)
12 receives payment for personal services on a warrant issued
13 pursuant to a payroll voucher certified by an employer and
14 drawn by the State Comptroller upon the State Treasurer or by
15 an employer upon trust, federal or other funds, or (B) is on a
16 leave of absence without pay. Employment which is irregular,
17 intermittent or temporary shall not be considered continuous
18 for purposes of this paragraph.

19 However, a person is not an "employee" if he or she:

20 (1) is a student enrolled in and regularly attending
21 classes in a college or university which is an employer,
22 and is employed on a temporary basis at less than full
23 time;

24 (2) is currently receiving a retirement annuity or a
25 disability retirement annuity under Section 15-153.2 from

1 this System;

2 (3) is on a military leave of absence;

3 (4) is eligible to participate in the Federal Civil
4 Service Retirement System and is currently making
5 contributions to that system based upon earnings paid by an
6 employer;

7 (5) is on leave of absence without pay for more than 60
8 days immediately following termination of disability
9 benefits under this Article;

10 (6) is hired after June 30, 1979 as a public service
11 employment program participant under the Federal
12 Comprehensive Employment and Training Act and receives
13 earnings in whole or in part from funds provided under that
14 Act; or

15 (7) is employed on or after July 1, 1991 to perform
16 services that are excluded by subdivision (a)(7)(f) or
17 (a)(19) of Section 210 of the federal Social Security Act
18 from the definition of employment given in that Section (42
19 U.S.C. 410).

20 (b) Any employer may, by filing a written notice with the
21 board, exclude from the definition of "employee" all persons
22 employed pursuant to a federally funded contract entered into
23 after July 1, 1982 with a federal military department in a
24 program providing training in military courses to federal
25 military personnel on a military site owned by the United
26 States Government, if this exclusion is not prohibited by the

1 federally funded contract or federal laws or rules governing
2 the administration of the contract.

3 (c) Any person appointed by the Governor under the Civil
4 Administrative Code of the State is an employee, if he or she
5 is a participant in this system on the effective date of the
6 appointment.

7 (d) A participant on lay-off status under civil service
8 rules is considered an employee for not more than 120 days from
9 the date of the lay-off.

10 (e) A participant is considered an employee during (1) the
11 first 60 days of disability leave, (2) the period, not to
12 exceed one year, in which his or her eligibility for disability
13 benefits is being considered by the board or reviewed by the
14 courts, and (3) the period he or she receives disability
15 benefits under the provisions of Section 15-152, workers'
16 compensation or occupational disease benefits, or disability
17 income under an insurance contract financed wholly or partially
18 by the employer.

19 (f) Absences without pay, other than formal leaves of
20 absence, of less than 30 calendar days, are not considered as
21 an interruption of a person's status as an employee. If such
22 absences during any period of 12 months exceed 30 work days,
23 the employee status of the person is considered as interrupted
24 as of the 31st work day.

25 (g) A staff member whose employment contract requires
26 services during an academic term is to be considered an

1 employee during the summer and other vacation periods, unless
2 he or she declines an employment contract for the succeeding
3 academic term or his or her employment status is otherwise
4 terminated, and he or she receives no earnings during these
5 periods.

6 (h) An individual who was a participating employee employed
7 in the fire department of the University of Illinois's
8 Champaign-Urbana campus immediately prior to the elimination
9 of that fire department and who immediately after the
10 elimination of that fire department became employed by the fire
11 department of the City of Urbana or the City of Champaign shall
12 continue to be considered as an employee for purposes of this
13 Article for so long as the individual remains employed as a
14 firefighter by the City of Urbana or the City of Champaign. The
15 individual shall cease to be considered an employee under this
16 subsection (h) upon the first termination of the individual's
17 employment as a firefighter by the City of Urbana or the City
18 of Champaign.

19 (i) An individual who is employed on a full-time basis as
20 an officer or employee of a statewide teacher organization that
21 serves System participants or an officer of a national teacher
22 organization that serves System participants may participate
23 in the System and shall be deemed an employee, provided that
24 (1) the individual has previously earned creditable service
25 under this Article, (2) the individual files with the System an
26 irrevocable election to become a participant before the

1 effective date of this amendatory Act of the 97th General
2 Assembly, (3) the individual does not receive credit for that
3 employment under any other Article of this Code, and (4) the
4 individual first became a full-time employee of the teacher
5 organization and becomes a participant before the effective
6 date of this amendatory Act of the 97th General Assembly. An
7 employee under this subsection (i) is responsible for paying to
8 the System both (A) employee contributions based on the actual
9 compensation received for service with the teacher
10 organization and (B) employer contributions equal to the normal
11 costs (as defined in Section 15-155) resulting from that
12 service; all or any part of these contributions may be paid on
13 the employee's behalf or picked up for tax purposes (if
14 authorized under federal law) by the teacher organization.

15 A person who is an employee as defined in this subsection
16 (i) may establish service credit for similar employment prior
17 to becoming an employee under this subsection by paying to the
18 System for that employment the contributions specified in this
19 subsection, plus interest at the effective rate from the date
20 of service to the date of payment. However, credit shall not be
21 granted under this subsection for any such prior employment for
22 which the applicant received credit under any other provision
23 of this Code, or during which the applicant was on a leave of
24 absence under Section 15-113.2.

25 (j) A person employed by the State Board of Higher
26 Education in a position with the Illinois Century Network as of

1 June 30, 2004 shall be considered to be an employee for so long
2 as he or she remains continuously employed after that date by
3 the Department of Central Management Services in a position
4 with the Illinois Century Network, the Bureau of Communication
5 and Computer Services, or, if applicable, any successor bureau
6 and meets the requirements of subsection (a).

7 (k) In the case of doubt as to whether any person is an
8 employee within the meaning of this Section, the decision of
9 the Board shall be final.

10 (Source: P.A. 97-651, eff. 1-5-12.)

11 (40 ILCS 5/15-107.1 new)

12 Sec. 15-107.1. Tier I participant. "Tier I participant": A
13 participant under this Article, other than a participant in the
14 self-managed plan under Section 15-158.2, who first became a
15 member or participant before January 1, 2011 under any
16 reciprocal retirement system or pension fund established under
17 this Code other than a retirement system or pension fund
18 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

19 (40 ILCS 5/15-107.2 new)

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

22 A person does not become a Tier I retiree by virtue of
23 receiving a reversionary, survivors, beneficiary, or
24 disability annuity.

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

2 Sec. 15-111. Earnings. "Earnings": An amount paid for
3 personal services equal to the sum of the basic compensation
4 plus extra compensation for summer teaching, overtime or other
5 extra service. For periods for which an employee receives
6 service credit under subsection (c) of Section 15-113.1 or
7 Section 15-113.2, earnings are equal to the basic compensation
8 on which contributions are paid by the employee during such
9 periods. Compensation for employment which is irregular,
10 intermittent and temporary shall not be considered earnings,
11 unless the participant is also receiving earnings from the
12 employer as an employee under Section 15-107.

13 With respect to transition pay paid by the University of
14 Illinois to a person who was a participating employee employed
15 in the fire department of the University of Illinois's
16 Champaign-Urbana campus immediately prior to the elimination
17 of that fire department:

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

21 (2) "Earnings" includes transition pay paid to the
22 employee before the effective date of this amendatory Act
23 of the 91st General Assembly only if (i) employee
24 contributions under Section 15-157 have been withheld from
25 that transition pay or (ii) the employee pays to the System

1 before January 1, 2001 an amount representing employee
2 contributions under Section 15-157 on that transition pay.
3 Employee contributions under item (ii) may be paid in a
4 lump sum, by withholding from additional transition pay
5 accruing before January 1, 2001, or in any other manner
6 approved by the System. Upon payment of the employee
7 contributions on transition pay, the corresponding
8 employer contributions become an obligation of the State.

9 Notwithstanding any other provision of this Code, the
10 earnings of a Tier I participant for the purposes of this Code
11 shall not exceed, for periods of service on or after the
12 effective date of this amendatory Act of the 98th General
13 Assembly, the greater of (i) the annual contribution and
14 benefit base established for the applicable year by the
15 Commissioner of Social Security under the federal Social
16 Security Act or (ii) the annual earnings of the participant
17 during the 365 days immediately preceding the effective date of
18 this Section; except that this limitation does not apply to a
19 participant's earnings that are determined under an employment
20 contract or collective bargaining agreement that is in effect
21 on the effective date of this amendatory Act of the 98th
22 General Assembly and has not been amended or renewed after that
23 date.

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

25 (40 ILCS 5/15-113.2) (from Ch. 108 1/2, par. 15-113.2)

1 Sec. 15-113.2. Service for leaves of absence. "Service for
2 leaves of absence" includes those periods of leaves of absence
3 at less than 50% pay, except military leave and periods of
4 disability leave in excess of 60 days, for which the employee
5 pays the contributions required under Section 15-157 in
6 accordance with rules prescribed by the board based upon the
7 employee's basic compensation on the date the leave begins, or
8 in the case of leave for service with a teacher organization,
9 based upon the actual compensation received by the employee for
10 such service after January 26, 1988, if the employee so elects
11 within 30 days of that date or the date the leave for service
12 with a teacher organization begins, whichever is later;
13 provided that the employee (1) returns to employment covered by
14 this system at the expiration of the leave, or within 30 days
15 after the termination of a disability which occurs during the
16 leave and continues this employment at a percentage of time
17 equal to or greater than the percentage of time immediately
18 preceding the leave of absence for at least 8 consecutive
19 months or a period equal to the period of the leave, whichever
20 is less, or (2) is precluded from meeting the foregoing
21 conditions because of disability or death. If service credit is
22 denied because the employee fails to meet these conditions, the
23 contributions covering the leave of absence shall be refunded
24 without interest. The return to employment condition does not
25 apply if the leave of absence is for service with a teacher
26 organization.

1 Service credit provided under this Section shall not exceed
2 3 years in any period of 10 years, unless the employee is on
3 special leave granted by the employer for service with a
4 teacher organization. Commencing with the fourth year in any
5 period of 10 years, a participant on such special leave is also
6 required to pay employer contributions equal to the normal cost
7 as defined in Section 15-155, based upon the employee's basic
8 compensation on the date the leave begins, or based upon the
9 actual compensation received by the employee for service with a
10 teacher organization if the employee has so elected.

11 Notwithstanding any other provision of this Article, a
12 participant shall not be eligible to make contributions or
13 receive service credit for a leave of absence for service with
14 a teacher organization if that leave of absence for service
15 with a teacher organization begins on or after the effective
16 date of this amendatory Act of the 98th General Assembly.

17 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

18 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

24 (a) The amount of a participant's retirement annuity,
25 expressed in the form of a single-life annuity, shall be

1 determined by whichever of the following rules is applicable
2 and provides the largest annuity:

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

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

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

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

25 (iii) the annuity that can be provided on an
26 actuarially equivalent basis from the entire contribution

1 made by the participant under Section 15-113.3.

2 For the purpose of calculating an annuity under this Rule
3 2, the contribution required under subsection (c-5) of Section
4 15-157 shall not be considered when determining the
5 participant's accumulated normal contributions under clause
6 (i) or the employer contribution under clause (ii).

7 With respect to a police officer or firefighter who retires
8 on or after August 14, 1998, the accumulated normal
9 contributions taken into account under clauses (i) and (ii) of
10 this Rule 2 shall include the additional normal contributions
11 made by the police officer or firefighter under Section
12 15-157(a).

13 The amount of a retirement annuity calculated under this
14 Rule 2 shall be computed solely on the basis of the
15 participant's accumulated normal contributions, as specified
16 in this Rule and defined in Section 15-116. Neither an employee
17 or employer contribution for early retirement under Section
18 15-136.2 nor any other employer contribution shall be used in
19 the calculation of the amount of a retirement annuity under
20 this Rule 2.

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

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

1 Rule 3: The retirement annuity of a participant who is
2 employed at least one-half time during the period on which his
3 or her final rate of earnings is based, shall be equal to the
4 participant's years of service not to exceed 30, multiplied by
5 (1) \$96 if the participant's final rate of earnings is less
6 than \$3,500, (2) \$108 if the final rate of earnings is at least
7 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
8 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
9 the final rate of earnings is at least \$5,500 but less than
10 \$6,500, (5) \$144 if the final rate of earnings is at least
11 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
12 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
13 the final rate of earnings is at least \$8,500 but less than
14 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
15 more, except that the annuity for those persons having made an
16 election under Section 15-154(a-1) shall be calculated and
17 payable under the portable retirement benefit program pursuant
18 to the provisions of Section 15-136.4.

19 Rule 4: A participant who is at least age 50 and has 25 or
20 more years of service as a police officer or firefighter, and a
21 participant who is age 55 or over and has at least 20 but less
22 than 25 years of service as a police officer or firefighter,
23 shall be entitled to a retirement annuity of 2 1/4% of the
24 final rate of earnings for each of the first 10 years of
25 service as a police officer or firefighter, 2 1/2% for each of
26 the next 10 years of service as a police officer or

1 firefighter, and 2 3/4% for each year of service as a police
2 officer or firefighter in excess of 20. The retirement annuity
3 for all other service shall be computed under Rule 1.

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

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

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

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

1 at the time the retirement annuity begins:

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

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

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

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

1 Section 15-136.2.

2 With respect to a participant who is qualified for a
3 retirement annuity under this Rule 5 whose retirement annuity
4 began before the effective date of this amendatory Act of the
5 91st General Assembly, and for whom an employee contribution
6 was made under Section 15-136.2, the System shall recalculate
7 the retirement annuity under this Rule 5 and shall pay any
8 additional amounts due in the manner provided in Section
9 15-186.1 for benefits mistakenly set too low.

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

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

1 System et al. with respect to that plaintiff.

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

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

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

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

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

23 (c) The maximum retirement annuity provided under Rules 1,
24 2, 4, and 5 shall be the lesser of (1) the annual limit of
25 benefits as specified in Section 415 of the Internal Revenue
26 Code of 1986, as such Section may be amended from time to time

1 and as such benefit limits shall be adjusted by the
2 Commissioner of Internal Revenue, and (2) 80% of final rate of
3 earnings.

4 (d) Subject to the provisions of subsections (d-1) and
5 (d-2), an ~~An~~ annuitant whose status as an employee terminates
6 after August 14, 1969 shall receive automatic increases in his
7 or her retirement annuity as follows:

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

22 The annuitant shall receive an increase in his or her
23 monthly retirement annuity on each January 1 thereafter during
24 the annuitant's life of 3% of the monthly annuity provided
25 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
26 this Section. The change made under this subsection by P.A.

1 81-970 is effective January 1, 1980 and applies to each
2 annuitant whose status as an employee terminates before or
3 after that date.

4 Beginning January 1, 1990 and except as provided in
5 subsections (d-1) and (d-2), all automatic annual increases
6 payable under this Section shall be calculated as a percentage
7 of the total annuity payable at the time of the increase,
8 including all increases previously granted under this Article.

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

12 (d-1) Notwithstanding any other provision of this Article,
13 for a Tier I retiree, the amount of each automatic increase in
14 retirement annuity occurring on or after the effective date of
15 this amendatory Act of the 98th General Assembly shall be the
16 lesser of (i) \$750 or (ii) 3% of the total annuity payable at
17 the time of the increase, including previous increases granted.

18 (d-2) Notwithstanding any other provision of this Article,
19 the System shall not grant any new or additional automatic
20 increase in retirement annuity to a Tier I retiree on or after
21 the effective date of this amendatory Act of the 98th General
22 Assembly and before January 1, 2020.

23 Notwithstanding any other provision of this Article, the
24 System shall not grant any new or additional automatic increase
25 in retirement annuity to a Tier I retiree who has not yet
26 attained the age of 67, regardless of any age augmentation

1 granted under this Article as an early retirement incentive.

2 If on the effective date of this amendatory Act of the 98th
3 General Assembly a Tier I retiree has already received an
4 annual increase under this Section but does not yet meet the
5 new eligibility requirements of this subsection, the annual
6 increases already received shall continue in force, but no
7 additional annual increase shall be granted until the Tier I
8 retiree meets the new eligibility requirements.

9 (d-3) Notwithstanding Section 1-103.1, subsections (d-1)
10 and (d-2) apply without regard to whether or not the Tier I
11 retiree is in active service under this Article on or after the
12 effective date of this amendatory Act of the 98th General
13 Assembly.

14 (e) If, on January 1, 1987, or the date the retirement
15 annuity payment period begins, whichever is later, the sum of
16 the retirement annuity provided under Rule 1 or Rule 2 of this
17 Section and the automatic annual increases provided under the
18 preceding subsection or Section 15-136.1, amounts to less than
19 the retirement annuity which would be provided by Rule 3, the
20 retirement annuity shall be increased as of January 1, 1987, or
21 the date the retirement annuity payment period begins,
22 whichever is later, to the amount which would be provided by
23 Rule 3 of this Section. Such increased amount shall be
24 considered as the retirement annuity in determining benefits
25 provided under other Sections of this Article. This paragraph
26 applies without regard to whether status as an employee

1 terminated before the effective date of this amendatory Act of
2 1987, provided that the annuitant was employed at least
3 one-half time during the period on which the final rate of
4 earnings was based.

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

14 (g) If, (1) by law, a function of a governmental unit, as
15 defined by Section 20-107 of this Code, is transferred in whole
16 or in part to an employer, and (2) a participant transfers
17 employment from such governmental unit to such employer within
18 6 months after the transfer of the function, and (3) the sum of
19 (A) the annuity payable to the participant under Rule 1, 2, or
20 3 of this Section (B) all proportional annuities payable to the
21 participant by all other retirement systems covered by Article
22 20, and (C) the initial primary insurance amount to which the
23 participant is entitled under the Social Security Act, is less
24 than the retirement annuity which would have been payable if
25 all of the participant's pension credits validated under
26 Section 20-109 had been validated under this system, a

1 supplemental annuity equal to the difference in such amounts
2 shall be payable to the participant.

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

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

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

17 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

18 Sec. 15-155. Employer contributions.

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

1 of State fiscal year 2043.

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

7 (a-1) For State fiscal years 2014 through 2043, the minimum
8 contribution to the System to be made by the State for each
9 fiscal year shall be an amount determined by the System to be
10 equal to the sum of (1) the State's portion of the projected
11 normal cost for that fiscal year, plus (2) an amount sufficient
12 to bring the total assets of the System up to 100% of the total
13 actuarial liabilities of the System by the end of State fiscal
14 year 2043. In making these determinations, the required State
15 contribution shall be calculated each year as a level
16 percentage of payroll over the years remaining to and including
17 fiscal year 2043 and shall be determined under the projected
18 unit credit actuarial cost method.

19 For State fiscal year 2044 and thereafter, the minimum
20 State contribution for each fiscal year shall be the amount
21 needed to maintain the total assets of the System at 100% of
22 the total actuarial liabilities of the System.

23 For State fiscal years 2012 and 2013 ~~through 2045~~, the
24 minimum contribution to the System to be made by the State for
25 each fiscal year shall be an amount determined by the System to
26 be sufficient to bring the total assets of the System up to 90%

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

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

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

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

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

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2010 is
26 \$702,514,000 and shall be made from the State Pensions Fund and

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

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

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

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

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

9 Notwithstanding any other provision of this Code or the
10 Budget Stabilization Act, amounts transferred to the System
11 pursuant to the Budget Stabilization Act after the effective
12 date of this amendatory Act of the 98th General Assembly do not
13 reduce and do not constitute payment of any portion of the
14 required State contribution under this Article in that fiscal
15 year. Such amounts shall not reduce, and shall not be included
16 in the calculation of, the required State contributions under
17 this Article in any future year until the System has received
18 payment of contributions pursuant to the Budget Stabilization
19 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 2013, as calculated under this Section and
24 certified under Section 15-165, 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 (b) If an employee is paid from trust or federal funds, the
20 employer shall pay to the Board contributions from those funds
21 which are sufficient to cover the accruing normal costs on
22 behalf of the employee. However, universities having employees
23 who are compensated out of local auxiliary funds, income funds,
24 or service enterprise funds are not required to pay such
25 contributions on behalf of those employees. The local auxiliary
26 funds, income funds, and service enterprise funds of

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

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

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

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

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

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

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

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

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

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

1 appropriate, recalculate the amount due.

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (k) The Illinois Community College Board shall adopt rules

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

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

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

26 (m) For purposes of determining the required State

1 contribution to the system for a particular year, the actuarial
2 value of assets shall be assumed to earn a rate of return equal
3 to the system's actuarially assumed rate of return.

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

7 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

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

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

17 (b) Beginning July 1, 2013, the State shall be
18 contractually obligated to contribute to the System under
19 Section 15-155 in each State fiscal year an amount not less
20 than the sum of (i) the State's normal cost for that year and
21 (ii) the portion of the unfunded accrued liability assigned to
22 that year by law in accordance with a schedule that distributes
23 payments equitably over a reasonable period of time and in
24 accordance with accepted actuarial practices. The obligations
25 created under this subsection (b) are contractual obligations

1 protected and enforceable under Article I, Section 16 and
2 Article XIII, Section 5 of the Illinois Constitution.

3 Notwithstanding any other provision of law, if the State
4 fails to pay in a State fiscal year the amount guaranteed under
5 this subsection, the System may bring a mandamus action in the
6 Circuit Court of Sangamon County to compel the State to make
7 that payment, irrespective of other remedies that may be
8 available to the System. In ordering the State to make the
9 required payment, the court may order a reasonable payment
10 schedule to enable the State to make the required payment
11 without significantly imperiling the public health, safety, or
12 welfare.

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

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

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

3 Sec. 15-157. Employee Contributions.

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

14 Each participant who is a police officer or firefighter
15 shall make normal contributions of 8% of each payment of
16 earnings applicable to employment as a police officer or
17 firefighter under this system on or after September 1, 1981,
18 unless he or she files with the board within 60 days after the
19 effective date of this amendatory Act of 1991 or 60 days after
20 the board receives notice that he or she is employed as a
21 police officer or firefighter, whichever is later, a written
22 notice waiving the retirement formula provided by Rule 4 of
23 Section 15-136. This waiver shall be irrevocable. If a
24 participant had met the conditions set forth in Section
25 15-132.1 prior to the effective date of this amendatory Act of

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

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

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

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

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

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

16 1% of earnings; and

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

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

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

26 (e) That fraction of a participant's total accumulated

1 normal contributions, the numerator of which is equal to the
2 number of years of service in excess of that which is required
3 to qualify for the maximum retirement annuity, and the
4 denominator of which is equal to the total service of the
5 participant, shall be considered as accumulated additional
6 contributions. The determination of the applicable maximum
7 annuity and the adjustment in contributions required by this
8 provision shall be made as of the date of the participant's
9 retirement.

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

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

18 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
19 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
20 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

21 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

22 Sec. 15-165. To certify amounts and submit vouchers.

23 (a) The Board shall certify to the Governor on or before
24 November 15 of each year through ~~until~~ November 15, 2011 the
25 appropriation required from State funds for the purposes of

1 this System for the following fiscal year. The certification
2 under this subsection (a) shall include a copy of the actuarial
3 recommendations upon which it is based ~~and shall specifically~~
4 ~~identify the System's projected State normal cost for that~~
5 ~~fiscal year and the projected State cost for the self managed~~
6 ~~plan for that fiscal year.~~

7 On or before May 1, 2004, 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 2005, taking
10 into account the amounts appropriated to and received by the
11 System under subsection (d) of Section 7.2 of the General
12 Obligation Bond Act.

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

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

24 (a-5) On or before November 1 of each year, beginning
25 November 1, 2012, the Board shall submit to the State Actuary,
26 the Governor, and the General Assembly a proposed certification

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

10 On or before January 15, 2013 and each January 15
11 thereafter, the Board shall certify to the Governor and the
12 General Assembly the amount of the required State contribution
13 for the next fiscal year. The certification shall include a
14 copy of the actuarial recommendations upon which it is based
15 and shall specifically identify the System's projected State
16 normal cost for that fiscal year and the projected State cost
17 for the self-managed plan for that fiscal year. The Board's
18 certification must note, in a written response to the State
19 Actuary, 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 (b) The Board shall certify to the State Comptroller or
25 employer, as the case may be, from time to time, by its
26 president and secretary, with its seal attached, the amounts

1 payable to the System from the various funds.

2 (c) Beginning in State fiscal year 1996, on or as soon as
3 possible after the 15th day of each month the Board shall
4 submit vouchers for payment of State contributions to the
5 System, in a total monthly amount of one-twelfth of the
6 required annual State contribution certified under subsection
7 (a). From the effective date of this amendatory Act of the 93rd
8 General Assembly through June 30, 2004, the Board shall not
9 submit vouchers for the remainder of fiscal year 2004 in excess
10 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 (b) 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 Section, the difference
22 shall be paid from the General Revenue Fund under the
23 continuing appropriation authority provided in Section 1.1 of
24 the State Pension Funds Continuing Appropriation Act.

25 (d) So long as the payments received are the full amount
26 lawfully vouchered under this Section, payments received by the

1 System under this Section shall be applied first toward the
2 employer contribution to the self-managed plan established
3 under Section 15-158.2. Payments shall be applied second toward
4 the employer's portion of the normal costs of the System, as
5 defined in subsection (f) of Section 15-155. The balance shall
6 be applied toward the unfunded actuarial liabilities of the
7 System.

8 (e) In the event that the System does not receive, as a
9 result of legislative enactment or otherwise, payments
10 sufficient to fully fund the employer contribution to the
11 self-managed plan established under Section 15-158.2 and to
12 fully fund that portion of the employer's portion of the normal
13 costs of the System, as calculated in accordance with Section
14 15-155(a-1), then any payments received shall be applied
15 proportionately to the optional retirement program established
16 under Section 15-158.2 and to the employer's portion of the
17 normal costs of the System, as calculated in accordance with
18 Section 15-155(a-1).

19 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;
20 97-694, eff. 6-18-12.)

21 (40 ILCS 5/15-198)

22 Sec. 15-198. Application and expiration of new benefit
23 increases.

24 (a) As used in this Section, "new benefit increase" means
25 an increase in the amount of any benefit provided under this

1 Article, or an expansion of the conditions of eligibility for
2 any benefit under this Article or Article 1, that results from
3 an amendment to this Code that takes effect after the effective
4 date of this amendatory Act of the 94th General Assembly. "New
5 benefit increase", however, does not include any benefit
6 increase resulting from the changes made to this Article or
7 Article 1 by this amendatory Act of the 98th General Assembly.

8 (b) Notwithstanding any other provision of this Code or any
9 subsequent amendment to this Code, every new benefit increase
10 is subject to this Section and shall be deemed to be granted
11 only in conformance with and contingent upon compliance with
12 the provisions of this Section.

13 (c) The Public Act enacting a new benefit increase must
14 identify and provide for payment to the System of additional
15 funding at least sufficient to fund the resulting annual
16 increase in cost to the System as it accrues.

17 Every new benefit increase is contingent upon the General
18 Assembly providing the additional funding required under this
19 subsection. The Commission on Government Forecasting and
20 Accountability shall analyze whether adequate additional
21 funding has been provided for the new benefit increase and
22 shall report its analysis to the Public Pension Division of the
23 Department of Financial and Professional Regulation. A new
24 benefit increase created by a Public Act that does not include
25 the additional funding required under this subsection is null
26 and void. If the Public Pension Division determines that the

1 additional funding provided for a new benefit increase under
2 this subsection is or has become inadequate, it may so certify
3 to the Governor and the State Comptroller and, in the absence
4 of corrective action by the General Assembly, the new benefit
5 increase shall expire at the end of the fiscal year in which
6 the certification is made.

7 (d) Every new benefit increase shall expire 5 years after
8 its effective date or on such earlier date as may be specified
9 in the language enacting the new benefit increase or provided
10 under subsection (c). This does not prevent the General
11 Assembly from extending or re-creating a new benefit increase
12 by law.

13 (e) Except as otherwise provided in the language creating
14 the new benefit increase, a new benefit increase that expires
15 under this Section continues to apply to persons who applied
16 and qualified for the affected benefit while the new benefit
17 increase was in effect and to the affected beneficiaries and
18 alternate payees of such persons, but does not apply to any
19 other person, including without limitation a person who
20 continues in service after the expiration date and did not
21 apply and qualify for the affected benefit while the new
22 benefit increase was in effect.

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

24 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

25 Sec. 16-106. Teacher. "Teacher": The following

1 individuals, provided that, for employment prior to July 1,
2 1990, they are employed on a full-time basis, or if not
3 full-time, on a permanent and continuous basis in a position in
4 which services are expected to be rendered for at least one
5 school term:

6 (1) Any educational, administrative, professional or
7 other staff employed in the public common schools included
8 within this system in a position requiring certification
9 under the law governing the certification of teachers;

10 (2) Any educational, administrative, professional or
11 other staff employed in any facility of the Department of
12 Children and Family Services or the Department of Human
13 Services, in a position requiring certification under the
14 law governing the certification of teachers, and any person
15 who (i) works in such a position for the Department of
16 Corrections, (ii) was a member of this System on May 31,
17 1987, and (iii) did not elect to become a member of the
18 State Employees' Retirement System pursuant to Section
19 14-108.2 of this Code; except that "teacher" does not
20 include any person who (A) becomes a security employee of
21 the Department of Human Services, as defined in Section
22 14-110, after June 28, 2001 (the effective date of Public
23 Act 92-14), or (B) becomes a member of the State Employees'
24 Retirement System pursuant to Section 14-108.2c of this
25 Code;

26 (3) Any regional superintendent of schools, assistant

1 regional superintendent of schools, State Superintendent
2 of Education; any person employed by the State Board of
3 Education as an executive; any executive of the boards
4 engaged in the service of public common school education in
5 school districts covered under this system of which the
6 State Superintendent of Education is an ex-officio member;

7 (4) Any employee of a school board association
8 operating in compliance with Article 23 of the School Code
9 who is certificated under the law governing the
10 certification of teachers, provided that he or she becomes
11 such an employee before the effective date of this
12 amendatory Act of the 98th General Assembly;

13 (5) Any person employed by the retirement system who:

14 (i) was an employee of and a participant in the
15 system on August 17, 2001 (the effective date of Public
16 Act 92-416), or

17 (ii) becomes an employee of the system on or after
18 August 17, 2001;

19 (6) Any educational, administrative, professional or
20 other staff employed by and under the supervision and
21 control of a regional superintendent of schools, provided
22 such employment position requires the person to be
23 certificated under the law governing the certification of
24 teachers and is in an educational program serving 2 or more
25 districts in accordance with a joint agreement authorized
26 by the School Code or by federal legislation;

1 (7) Any educational, administrative, professional or
2 other staff employed in an educational program serving 2 or
3 more school districts in accordance with a joint agreement
4 authorized by the School Code or by federal legislation and
5 in a position requiring certification under the laws
6 governing the certification of teachers;

7 (8) Any officer or employee of a statewide teacher
8 organization or officer of a national teacher organization
9 who is certified under the law governing certification of
10 teachers, provided: (i) the individual had previously
11 established creditable service under this Article, (ii)
12 the individual files with the system an irrevocable
13 election to become a member before the effective date of
14 this amendatory Act of the 97th General Assembly, (iii) the
15 individual does not receive credit for such service under
16 any other Article of this Code, and (iv) the individual
17 first became an officer or employee of the teacher
18 organization and becomes a member before the effective date
19 of this amendatory Act of the 97th General Assembly;

20 (9) Any educational, administrative, professional, or
21 other staff employed in a charter school operating in
22 compliance with the Charter Schools Law who is certificated
23 under the law governing the certification of teachers; i -

24 (10) Any person employed, on the effective date of this
25 amendatory Act of the 94th General Assembly, by the
26 Macon-Piatt Regional Office of Education in a

1 birth-through-age-three pilot program receiving funds
2 under Section 2-389 of the School Code who is required by
3 the Macon-Piatt Regional Office of Education to hold a
4 teaching certificate, provided that the Macon-Piatt
5 Regional Office of Education makes an election, within 6
6 months after the effective date of this amendatory Act of
7 the 94th General Assembly, to have the person participate
8 in the system. Any service established prior to the
9 effective date of this amendatory Act of the 94th General
10 Assembly for service as an employee of the Macon-Piatt
11 Regional Office of Education in a birth-through-age-three
12 pilot program receiving funds under Section 2-389 of the
13 School Code shall be considered service as a teacher if
14 employee and employer contributions have been received by
15 the system and the system has not refunded those
16 contributions.

17 An annuitant receiving a retirement annuity under this
18 Article or under Article 17 of this Code who is employed by a
19 board of education or other employer as permitted under Section
20 16-118 or 16-150.1 is not a "teacher" for purposes of this
21 Article. A person who has received a single-sum retirement
22 benefit under Section 16-136.4 of this Article is not a
23 "teacher" for purposes of this Article.

24 (Source: P.A. 97-651, eff. 1-5-12; revised 8-3-12.)

25 (40 ILCS 5/16-106.4 new)

1 Sec. 16-106.4. Tier I member. "Tier I member": A member
2 under this Article who first became a member or participant
3 before January 1, 2011 under any reciprocal retirement system
4 or pension fund established under this Code other than a
5 retirement system or pension fund established under Article 2,
6 3, 4, 5, 6, or 18 of this Code.

7 (40 ILCS 5/16-106.5 new)

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

10 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

11 Sec. 16-121. Salary. "Salary": The actual compensation
12 received by a teacher during any school year and recognized by
13 the system in accordance with rules of the board. For purposes
14 of this Section, "school year" includes the regular school term
15 plus any additional period for which a teacher is compensated
16 and such compensation is recognized by the rules of the board.

17 Notwithstanding any other provision of this Code, the
18 salary of a Tier I member for the purposes of this Code shall
19 not exceed, for periods of service on or after the effective
20 date of this amendatory Act of the 98th General Assembly, the
21 greater of (i) the annual contribution and benefit base
22 established for the applicable year by the Commissioner of
23 Social Security under the federal Social Security Act or (ii)
24 the annual salary of the member during the 365 days immediately

1 preceding the effective date of this Section; except that this
2 limitation does not apply to a member's salary that is
3 determined under an employment contract or collective
4 bargaining agreement that is in effect on the effective date of
5 this amendatory Act of the 98th General Assembly and has not
6 been amended or renewed after that date.

7 (Source: P.A. 84-1028.)

8 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

9 Sec. 16-127. Computation of creditable service.

10 (a) Each member shall receive regular credit for all
11 service as a teacher from the date membership begins, for which
12 satisfactory evidence is supplied and all contributions have
13 been paid.

14 (b) The following periods of service shall earn optional
15 credit and each member shall receive credit for all such
16 service for which satisfactory evidence is supplied and all
17 contributions have been paid as of the date specified:

18 (1) Prior service as a teacher.

19 (2) Service in a capacity essentially similar or
20 equivalent to that of a teacher, in the public common
21 schools in school districts in this State not included
22 within the provisions of this System, or of any other
23 State, territory, dependency or possession of the United
24 States, or in schools operated by or under the auspices of
25 the United States, or under the auspices of any agency or

1 department of any other State, and service during any
2 period of professional speech correction or special
3 education experience for a public agency within this State
4 or any other State, territory, dependency or possession of
5 the United States, and service prior to February 1, 1951 as
6 a recreation worker for the Illinois Department of Public
7 Safety, for a period not exceeding the lesser of 2/5 of the
8 total creditable service of the member or 10 years. The
9 maximum service of 10 years which is allowable under this
10 paragraph shall be reduced by the service credit which is
11 validated by other retirement systems under paragraph (i)
12 of Section 15-113 and paragraph 1 of Section 17-133. Credit
13 granted under this paragraph may not be used in
14 determination of a retirement annuity or disability
15 benefits unless the member has at least 5 years of
16 creditable service earned subsequent to this employment
17 with one or more of the following systems: Teachers'
18 Retirement System of the State of Illinois, State
19 Universities Retirement System, and the Public School
20 Teachers' Pension and Retirement Fund of Chicago. Whenever
21 such service credit exceeds the maximum allowed for all
22 purposes of this Article, the first service rendered in
23 point of time shall be considered. The changes to this
24 subdivision (b)(2) made by Public Act 86-272 shall apply
25 not only to persons who on or after its effective date
26 (August 23, 1989) are in service as a teacher under the

1 System, but also to persons whose status as such a teacher
2 terminated prior to such effective date, whether or not
3 such person is an annuitant on that date.

4 (3) Any periods immediately following teaching
5 service, under this System or under Article 17, (or
6 immediately following service prior to February 1, 1951 as
7 a recreation worker for the Illinois Department of Public
8 Safety) spent in active service with the military forces of
9 the United States; periods spent in educational programs
10 that prepare for return to teaching sponsored by the
11 federal government following such active military service;
12 if a teacher returns to teaching service within one
13 calendar year after discharge or after the completion of
14 the educational program, a further period, not exceeding
15 one calendar year, between time spent in military service
16 or in such educational programs and the return to
17 employment as a teacher under this System; and a period of
18 up to 2 years of active military service not immediately
19 following employment as a teacher.

20 The changes to this Section and Section 16-128 relating
21 to military service made by P.A. 87-794 shall apply not
22 only to persons who on or after its effective date are in
23 service as a teacher under the System, but also to persons
24 whose status as a teacher terminated prior to that date,
25 whether or not the person is an annuitant on that date. In
26 the case of an annuitant who applies for credit allowable

1 under this Section for a period of military service that
2 did not immediately follow employment, and who has made the
3 required contributions for such credit, the annuity shall
4 be recalculated to include the additional service credit,
5 with the increase taking effect on the date the System
6 received written notification of the annuitant's intent to
7 purchase the credit, if payment of all the required
8 contributions is made within 60 days of such notice, or
9 else on the first annuity payment date following the date
10 of payment of the required contributions. In calculating
11 the automatic annual increase for an annuity that has been
12 recalculated under this Section, the increase attributable
13 to the additional service allowable under P.A. 87-794 shall
14 be included in the calculation of automatic annual
15 increases accruing after the effective date of the
16 recalculation.

17 Credit for military service shall be determined as
18 follows: if entry occurs during the months of July, August,
19 or September and the member was a teacher at the end of the
20 immediately preceding school term, credit shall be granted
21 from July 1 of the year in which he or she entered service;
22 if entry occurs during the school term and the teacher was
23 in teaching service at the beginning of the school term,
24 credit shall be granted from July 1 of such year. In all
25 other cases where credit for military service is allowed,
26 credit shall be granted from the date of entry into the

1 service.

2 The total period of military service for which credit
3 is granted shall not exceed 5 years for any member unless
4 the service: (A) is validated before July 1, 1964, and (B)
5 does not extend beyond July 1, 1963. Credit for military
6 service shall be granted under this Section only if not
7 more than 5 years of the military service for which credit
8 is granted under this Section is used by the member to
9 qualify for a military retirement allotment from any branch
10 of the armed forces of the United States. The changes to
11 this subdivision (b)(3) made by Public Act 86-272 shall
12 apply not only to persons who on or after its effective
13 date (August 23, 1989) are in service as a teacher under
14 the System, but also to persons whose status as such a
15 teacher terminated prior to such effective date, whether or
16 not such person is an annuitant on that date.

17 (4) Any periods served as a member of the General
18 Assembly.

19 (5) (i) Any periods for which a teacher, as defined in
20 Section 16-106, is granted a leave of absence, provided he
21 or she returns to teaching service creditable under this
22 System or the State Universities Retirement System
23 following the leave; (ii) periods during which a teacher is
24 involuntarily laid off from teaching, provided he or she
25 returns to teaching following the lay-off; (iii) periods
26 prior to July 1, 1983 during which a teacher ceased covered

1 employment due to pregnancy, provided that the teacher
2 returned to teaching service creditable under this System
3 or the State Universities Retirement System following the
4 pregnancy and submits evidence satisfactory to the Board
5 documenting that the employment ceased due to pregnancy;
6 and (iv) periods prior to July 1, 1983 during which a
7 teacher ceased covered employment for the purpose of
8 adopting an infant under 3 years of age or caring for a
9 newly adopted infant under 3 years of age, provided that
10 the teacher returned to teaching service creditable under
11 this System or the State Universities Retirement System
12 following the adoption and submits evidence satisfactory
13 to the Board documenting that the employment ceased for the
14 purpose of adopting an infant under 3 years of age or
15 caring for a newly adopted infant under 3 years of age.
16 However, total credit under this paragraph (5) may not
17 exceed 3 years.

18 Any qualified member or annuitant may apply for credit
19 under item (iii) or (iv) of this paragraph (5) without
20 regard to whether service was terminated before the
21 effective date of this amendatory Act of 1997. In the case
22 of an annuitant who establishes credit under item (iii) or
23 (iv), the annuity shall be recalculated to include the
24 additional service credit. The increase in annuity shall
25 take effect on the date the System receives written
26 notification of the annuitant's intent to purchase the

1 credit, if the required evidence is submitted and the
2 required contribution paid within 60 days of that
3 notification, otherwise on the first annuity payment date
4 following the System's receipt of the required evidence and
5 contribution. The increase in an annuity recalculated
6 under this provision shall be included in the calculation
7 of automatic annual increases in the annuity accruing after
8 the effective date of the recalculation.

9 Optional credit may be purchased under this subsection
10 (b) (5) for periods during which a teacher has been granted
11 a leave of absence pursuant to Section 24-13 of the School
12 Code. A teacher whose service under this Article terminated
13 prior to the effective date of P.A. 86-1488 shall be
14 eligible to purchase such optional credit. If a teacher who
15 purchases this optional credit is already receiving a
16 retirement annuity under this Article, the annuity shall be
17 recalculated as if the annuitant had applied for the leave
18 of absence credit at the time of retirement. The difference
19 between the entitled annuity and the actual annuity shall
20 be credited to the purchase of the optional credit. The
21 remainder of the purchase cost of the optional credit shall
22 be paid on or before April 1, 1992.

23 The change in this paragraph made by Public Act 86-273
24 shall be applicable to teachers who retire after June 1,
25 1989, as well as to teachers who are in service on that
26 date.

1 (6) Any days of unused and uncompensated accumulated
2 sick leave earned by a teacher who first became a
3 participant in the System before the effective date of this
4 amendatory Act of the 98th General Assembly. The service
5 credit granted under this paragraph shall be the ratio of
6 the number of unused and uncompensated accumulated sick
7 leave days to 170 days, subject to a maximum of 2 years of
8 service credit. Prior to the member's retirement, each
9 former employer shall certify to the System the number of
10 unused and uncompensated accumulated sick leave days
11 credited to the member at the time of termination of
12 service. The period of unused sick leave shall not be
13 considered in determining the effective date of
14 retirement. A member is not required to make contributions
15 in order to obtain service credit for unused sick leave.

16 Credit for sick leave shall, at retirement, be granted
17 by the System for any retiring regional or assistant
18 regional superintendent of schools who first became a
19 participant in this System before the effective date of
20 this amendatory Act of the 98th General Assembly at the
21 rate of 6 days per year of creditable service or portion
22 thereof established while serving as such superintendent
23 or assistant superintendent.

24 Service credit is not available for unused sick leave
25 accumulated by a teacher who first becomes a participant in
26 this System on or after the effective date of this amendatory

1 Act of the 98th General Assembly.

2 (7) Periods prior to February 1, 1987 served as an
3 employee of the Illinois Mathematics and Science Academy
4 for which credit has not been terminated under Section
5 15-113.9 of this Code.

6 (8) Service as a substitute teacher for work performed
7 prior to July 1, 1990.

8 (9) Service as a part-time teacher for work performed
9 prior to July 1, 1990.

10 (10) Up to 2 years of employment with Southern Illinois
11 University - Carbondale from September 1, 1959 to August
12 31, 1961, or with Governors State University from September
13 1, 1972 to August 31, 1974, for which the teacher has no
14 credit under Article 15. To receive credit under this item
15 (10), a teacher must apply in writing to the Board and pay
16 the required contributions before May 1, 1993 and have at
17 least 12 years of service credit under this Article.

18 (b-1) A member may establish optional credit for up to 2
19 years of service as a teacher or administrator employed by a
20 private school recognized by the Illinois State Board of
21 Education, provided that the teacher (i) was certified under
22 the law governing the certification of teachers at the time the
23 service was rendered, (ii) applies in writing on or after
24 August 1, 2009 and on or before August 1, 2012, (iii) supplies
25 satisfactory evidence of the employment, (iv) completes at
26 least 10 years of contributing service as a teacher as defined

1 in Section 16-106, and (v) pays the contribution required in
2 subsection (d-5) of Section 16-128. The member may apply for
3 credit under this subsection and pay the required contribution
4 before completing the 10 years of contributing service required
5 under item (iv), but the credit may not be used until the item
6 (iv) contributing service requirement has been met.

7 (c) The service credits specified in this Section shall be
8 granted only if: (1) such service credits are not used for
9 credit in any other statutory tax-supported public employee
10 retirement system other than the federal Social Security
11 program; and (2) the member makes the required contributions as
12 specified in Section 16-128. Except as provided in subsection
13 (b-1) of this Section, the service credit shall be effective as
14 of the date the required contributions are completed.

15 Any service credits granted under this Section shall
16 terminate upon cessation of membership for any cause.

17 Credit may not be granted under this Section covering any
18 period for which an age retirement or disability retirement
19 allowance has been paid.

20 (Source: P.A. 96-546, eff. 8-17-09.)

21 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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

23 (a) The amount of the retirement annuity shall be (i) in
24 the case of a person who first became a teacher under this
25 Article before July 1, 2005, the larger of the amounts

1 determined under paragraphs (A) and (B) below, or (ii) in the
2 case of a person who first becomes a teacher under this Article
3 on or after July 1, 2005, the amount determined under the
4 applicable provisions of paragraph (B):

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

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

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

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

25 For the purpose of calculating the sum provided under
26 this paragraph (A), the contribution required under

1 subsection (a-5) of Section 16-152 shall not be considered
2 when determining the amount of the member's accumulated
3 contributions under subparagraph (1) or (2).

4 This paragraph (A) does not apply to a person who first
5 becomes a teacher under this Article on or after July 1,
6 2005.

7 (B) An amount consisting of the greater of the
8 following:

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

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

1 creditable service; and

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

4 (2) 1.5% of final average salary for each year of
5 creditable service plus the sum \$7.50 for each of the
6 first 20 years of creditable service.

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

26 (b) For purposes of this Section, final average salary

1 shall be the average salary for the highest 4 consecutive years
2 within the last 10 years of creditable service as determined
3 under rules of the board. The minimum final average salary
4 shall be considered to be \$2,400 per year.

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

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

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

24 (e) The maximum retirement annuity provided under
25 paragraph (B) of this Section shall be 75% of final average
26 salary.

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

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

8 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

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

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

15 An annuitant shall first be entitled to an initial increase
16 under this Section on the January 1 next following the first
17 anniversary of retirement, or January 1 of the year next
18 following attainment of age 61, whichever is later. At such
19 time, the system shall pay an initial increase determined as
20 follows or as provided in subsections (a-1) and (a-2):

21 (1) 1.5% of the originally granted retirement annuity
22 or disability retirement annuity multiplied by the number
23 of years elapsed, if any, from the date of retirement until
24 January 1, 1972, plus

25 (2) 2% of the originally granted annuity multiplied by

1 the number of years elapsed, if any, from the date of
2 retirement or January 1, 1972, whichever is later, until
3 January 1, 1978, plus

4 (3) 3% of the originally granted annuity multiplied by
5 the number of years elapsed from the date of retirement or
6 January 1, 1978, whichever is later, until the effective
7 date of the initial increase.

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

14 Following the initial increase, automatic annual increases
15 in annuity shall be payable on each January 1 thereafter during
16 the lifetime of the annuitant, determined as a percentage of
17 the originally granted retirement annuity or disability
18 retirement annuity for increases granted prior to January 1,
19 1990, and calculated as a percentage of the total amount of
20 annuity, including previous increases under this Section, for
21 increases granted on or after January 1, 1990, as follows: 1.5%
22 for periods prior to January 1, 1972, 2% for periods after
23 December 31, 1971 and prior to January 1, 1978, and 3% for
24 periods after December 31, 1977, or as provided in subsections
25 (a-1) and (a-2).

26 (a-1) Notwithstanding any other provision of this Article,

1 for a Tier I retiree, the amount of each automatic increase in
2 retirement annuity occurring on or after the effective date of
3 this amendatory Act of the 98th General Assembly shall be the
4 lesser of (i) \$750 or (ii) 3% of the total annuity payable at
5 the time of the increase, including previous increases granted.

6 (a-2) Notwithstanding any other provision of this Article,
7 the System shall not grant any new or additional automatic
8 increase in retirement annuity to a Tier I retiree on or after
9 the effective date of this amendatory Act of the 98th General
10 Assembly and before January 1, 2020.

11 Notwithstanding any other provision of this Article, the
12 System shall not grant any new or additional automatic increase
13 in retirement annuity to a Tier I retiree who has not yet
14 attained the age of 67, regardless of any age augmentation
15 granted under this Article as an early retirement incentive.

16 If on the effective date of this amendatory Act of the 98th
17 General Assembly a Tier I retiree has already received an
18 annual increase under this Section but does not yet meet the
19 new eligibility requirements of this subsection, the annual
20 increases already received shall continue in force, but no
21 additional annual increase shall be granted until the Tier I
22 retiree meets the new eligibility requirements.

23 (a-3) Notwithstanding Section 1-103.1, subsections (a-1)
24 and (a-2) apply without regard to whether or not the Tier I
25 retiree is in active service under this Article on or after the
26 effective date of this amendatory Act of the 98th General

1 Assembly.

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

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

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

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

1 year of creditable service. On January 1, 1982, an annuitant
2 whose retirement annuity or disability retirement annuity
3 began on or before January 1, 1977 shall receive an increase in
4 the annuity then being paid of one dollar per month for each
5 year of creditable service.

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

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

12 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

13 Sec. 16-152. Contributions by members.

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

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

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

22 (3) Effective July 24, 1959, contributions of 1% of
23 salary towards the cost of survivor benefits. Such
24 contributions shall not be credited to the individual
25 account of the member and shall not be subject to refund

1 except as provided under Section 16-143.2.

2 (4) Effective July 1, 2005, contributions of 0.40% of
3 salary toward the cost of the early retirement without
4 discount option provided under Section 16-133.2. This
5 contribution shall cease upon termination of the early
6 retirement without discount option as provided in Section
7 16-176.

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

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

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

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

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

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

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

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

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

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

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

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

1 this Article.

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

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

7 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

10 (a) The State shall make contributions to the System by
11 means of appropriations from the Common School Fund and other
12 State funds of amounts which, together with other employer
13 contributions, employee contributions, investment income, and
14 other income, will be sufficient to meet the cost of
15 maintaining and administering the System on a 100% ~~90%~~ funded
16 basis in accordance with actuarial recommendations by the end
17 of State fiscal year 2043.

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

23 (a-1) Annually, on or before November 15 through ~~until~~
24 November 15, 2011, the Board shall certify to the Governor the
25 amount of the required State contribution for the coming fiscal

1 year. The certification under this subsection (a-1) shall
2 include a copy of the actuarial recommendations upon which it
3 is based ~~and shall specifically identify the System's projected~~
4 ~~State normal cost for that fiscal year.~~

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

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

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

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

1 assumptions, calculations, and data upon which that proposed
2 certification is based. On or before January 1 of each year,
3 beginning January 1, 2013, the State Actuary shall issue a
4 preliminary report concerning the proposed certification and
5 identifying, if necessary, recommended changes in actuarial
6 assumptions that the Board must consider before finalizing its
7 certification of the required State contributions.

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

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

23 (b-1) Beginning in State fiscal year 1996, on the 15th day
24 of each month, or as soon thereafter as may be practicable, the
25 Board shall submit vouchers for payment of State contributions
26 to the System, in a total monthly amount of one-twelfth of the

1 required annual State contribution certified under subsection
2 (a-1). From the effective date of this amendatory Act of the
3 93rd General Assembly through June 30, 2004, the Board shall
4 not submit vouchers for the remainder of fiscal year 2004 in
5 excess of the fiscal year 2004 certified contribution amount
6 determined under this Section after taking into consideration
7 the transfer to the System under subsection (a) of Section
8 6z-61 of the State Finance Act. These vouchers shall be paid by
9 the State Comptroller and Treasurer by warrants drawn on the
10 funds appropriated to the System for that fiscal year.

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

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

23 (b-3) For State fiscal years 2014 through 2043, the minimum
24 contribution to the System to be made by the State for each
25 fiscal year shall be an amount determined by the System to be
26 equal to the sum of (1) the State's portion of the projected

1 normal cost for that fiscal year, plus (2) an amount sufficient
2 to bring the total assets of the System up to 100% of the total
3 actuarial liabilities of the System by the end of State fiscal
4 year 2043. In making these determinations, the required State
5 contribution shall be calculated each year as a level
6 percentage of payroll over the years remaining to and including
7 fiscal year 2043 and shall be determined under the projected
8 unit credit actuarial cost method.

9 For State fiscal year 2044 and thereafter, the minimum
10 State contribution for each fiscal year shall be the amount
11 needed to maintain the total assets of the System at 100% of
12 the total actuarial liabilities of the System.

13 For State fiscal years 2012 and 2013 ~~through 2045~~, the
14 minimum contribution to the System to be made by the State for
15 each fiscal year shall be an amount determined by the System to
16 be sufficient to bring the total assets of the System up to 90%
17 of the total actuarial liabilities of the System by the end of
18 State fiscal year 2045. In making these determinations, the
19 required State contribution shall be calculated each year as a
20 level percentage of payroll over the years remaining to and
21 including fiscal year 2045 and shall be determined under the
22 projected unit credit actuarial cost method.

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

1 the rate required under this Section; except that in the
2 following specified State fiscal years, the State contribution
3 to the System shall not be less than the following indicated
4 percentages of the applicable employee payroll, even if the
5 indicated percentage will produce a State contribution in
6 excess of the amount otherwise required under this subsection
7 and subsection (a), and notwithstanding any contrary
8 certification made under subsection (a-1) before the effective
9 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
10 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
11 2003; and 13.56% in FY 2004.

12 Notwithstanding any other provision of this Article, the
13 total required State contribution for State fiscal year 2006 is
14 \$534,627,700.

15 Notwithstanding any other provision of this Article, the
16 total required State contribution for State fiscal year 2007 is
17 \$738,014,500.

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

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2010 is
26 \$2,089,268,000 and shall be made from the proceeds of bonds

1 sold in fiscal year 2010 pursuant to Section 7.2 of the General
2 Obligation Bond Act, less (i) the pro rata share of bond sale
3 expenses determined by the System's share of total bond
4 proceeds, (ii) any amounts received from the Common School Fund
5 in fiscal year 2010, and (iii) any reduction in bond proceeds
6 due to the issuance of discounted bonds, if 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 subsection (a-1) of this Section and shall be made
11 from the proceeds of bonds sold in fiscal year 2011 pursuant to
12 Section 7.2 of the General Obligation Bond Act, less (i) the
13 pro rata share of bond sale expenses determined by the System's
14 share of total bond proceeds, (ii) any amounts received from
15 the Common School Fund in fiscal year 2011, and (iii) any
16 reduction in bond proceeds due to the issuance of discounted
17 bonds, if applicable. This amount shall include, in addition to
18 the amount certified by the System, an amount necessary to meet
19 employer contributions required by the State as an employer
20 under paragraph (e) of this Section, which may also be used by
21 the System for contributions required by paragraph (a) of
22 Section 16-127.

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

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

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

24 Notwithstanding any other provision of this Section, the
25 required State contribution for State fiscal year 2005 and for
26 fiscal year 2008 and each fiscal year thereafter through State

1 fiscal year 2013, as calculated under this Section and
2 certified under subsection (a-1), shall not exceed an amount
3 equal to (i) the amount of the required State contribution that
4 would have been calculated under this Section for that fiscal
5 year if the System had not received any payments under
6 subsection (d) of Section 7.2 of the General Obligation Bond
7 Act, minus (ii) the portion of the State's total debt service
8 payments for that fiscal year on the bonds issued in fiscal
9 year 2003 for the purposes of that Section 7.2, as determined
10 and certified by the Comptroller, that is the same as the
11 System's portion of the total moneys distributed under
12 subsection (d) of Section 7.2 of the General Obligation Bond
13 Act. In determining this maximum for State fiscal years 2008
14 through 2010, however, the amount referred to in item (i) shall
15 be increased, as a percentage of the applicable employee
16 payroll, in equal increments calculated from the sum of the
17 required State contribution for State fiscal year 2007 plus the
18 applicable portion of the State's total debt service payments
19 for fiscal year 2007 on the bonds issued in fiscal year 2003
20 for the purposes of Section 7.2 of the General Obligation Bond
21 Act, so that, by State fiscal year 2011, the State is
22 contributing at the rate otherwise required under this Section.

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

1 thereof, are obligations of the State.

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

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

19 However, with respect to benefits granted under Section
20 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
21 of Section 16-106, the employer's contribution shall be 12%
22 (rather than 20%) of the member's highest annual salary rate
23 for each year of creditable service granted, and the employer
24 shall also pay the required employee contribution on behalf of
25 the teacher. For the purposes of Sections 16-133.4 and
26 16-133.5, a teacher as defined in paragraph (8) of Section

1 16-106 who is serving in that capacity while on leave of
2 absence from another employer under this Article shall not be
3 considered an employee of the employer from which the teacher
4 is on leave.

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

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

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

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

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

22 Each employer of teachers is entitled to a credit against
23 the contributions required under this subsection (e) with
24 respect to salaries paid to teachers for the period January 1,
25 2002 through June 30, 2003, equal to the amount paid by that
26 employer under subsection (a-5) of Section 6.6 of the State

1 Employees Group Insurance Act of 1971 with respect to salaries
2 paid to teachers for that period.

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

8 If an employer is required by a contract in effect on May
9 1, 1998 between the employer and an employee organization to
10 pay, on behalf of all its full-time employees covered by this
11 Article, all mandatory employee contributions required under
12 this Article, then the employer shall be excused from paying
13 the employer contribution required under this subsection (e)
14 for the balance of the term of that contract. The employer and
15 the employee organization shall jointly certify to the System
16 the existence of the contractual requirement, in such form as
17 the System may prescribe. This exclusion shall cease upon the
18 termination, extension, or renewal of the contract at any time
19 after May 1, 1998.

20 (f) If the amount of a teacher's salary for any school year
21 used to determine final average salary exceeds the member's
22 annual full-time salary rate with the same employer for the
23 previous school year by more than 6%, the teacher's employer
24 shall pay to the System, in addition to all other payments
25 required under this Section and in accordance with guidelines
26 established by the System, the present value of the increase in

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

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

1 this Section, must include an affidavit setting forth and
2 attesting to all facts within the employer's knowledge that are
3 pertinent to the applicability of that subsection. Upon
4 receiving a timely application for recalculation, the System
5 shall review the application and, if appropriate, recalculate
6 the amount due.

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

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

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

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

1 teacher at a time when the teacher is 10 or more years from
2 retirement eligibility under Section 16-132 or 16-133.2.

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

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

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

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

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

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

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

26 (3) The total amount the System received from each

1 employer as a result of the changes made to this Section by
2 Public Act 94-4.

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

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

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

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

21 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
22 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-694, eff.
23 6-18-12; 97-813, eff. 7-13-12.)

24 (40 ILCS 5/16-158.2 new)

25 Sec. 16-158.2. Obligations of State; funding guarantee.

1 Beginning July 1, 2013, the State shall be contractually
2 obligated to contribute to the System under Section 16-158 in
3 each State fiscal year an amount not less than the sum of (i)
4 the State's normal cost for that year and (ii) the portion of
5 the unfunded accrued liability assigned to that year by law in
6 accordance with a schedule that distributes payments equitably
7 over a reasonable period of time and in accordance with
8 accepted actuarial practices. The obligations created under
9 this subsection (b) are contractual obligations protected and
10 enforceable under Article I, Section 16 and Article XIII,
11 Section 5 of the Illinois Constitution.

12 Notwithstanding any other provision of law, if the State
13 fails to pay in a State fiscal year the amount guaranteed under
14 this subsection, the System may bring a mandamus action in the
15 Circuit Court of Sangamon County to compel the State to make
16 that payment, irrespective of other remedies that may be
17 available to the System. In ordering the State to make the
18 required payment, the court may order a reasonable payment
19 schedule to enable the State to make the required payment
20 without significantly imperiling the public health, safety, or
21 welfare.

22 Any payments required to be made by the State pursuant to
23 this Section are expressly subordinated to the payment of the
24 principal, interest, and premium, if any, on any bonded debt
25 obligation of the State or any other State-created entity,
26 either currently outstanding or to be issued, for which the

1 source of repayment or security thereon is derived directly or
2 indirectly from tax revenues collected by the State or any
3 other State-created entity. Payments on such bonded
4 obligations include any statutory fund transfers or other
5 prefunding mechanisms or formulas set forth, now or hereafter,
6 in State law or bond indentures, into debt service funds or
7 accounts of the State related to such bonded obligations,
8 consistent with the payment schedules associated with such
9 obligations.

10 (40 ILCS 5/16-203)

11 Sec. 16-203. Application and expiration of new benefit
12 increases.

13 (a) As used in this Section, "new benefit increase" means
14 an increase in the amount of any benefit provided under this
15 Article, or an expansion of the conditions of eligibility for
16 any benefit under this Article, that results from an amendment
17 to this Code that takes effect after June 1, 2005 (the
18 effective date of Public Act 94-4). "New benefit increase",
19 however, does not include any benefit increase resulting from
20 the changes made to this Article or Article 1 by Public Act
21 95-910 or this amendatory Act of the 98th ~~95th~~ General
22 Assembly.

23 (b) Notwithstanding any other provision of this Code or any
24 subsequent amendment to this Code, every new benefit increase
25 is subject to this Section and shall be deemed to be granted

1 only in conformance with and contingent upon compliance with
2 the provisions of this Section.

3 (c) The Public Act enacting a new benefit increase must
4 identify and provide for payment to the System of additional
5 funding at least sufficient to fund the resulting annual
6 increase in cost to the System as it accrues.

7 Every new benefit increase is contingent upon the General
8 Assembly providing the additional funding required under this
9 subsection. The Commission on Government Forecasting and
10 Accountability shall analyze whether adequate additional
11 funding has been provided for the new benefit increase and
12 shall report its analysis to the Public Pension Division of the
13 Department of Financial and Professional Regulation. A new
14 benefit increase created by a Public Act that does not include
15 the additional funding required under this subsection is null
16 and void. If the Public Pension Division determines that the
17 additional funding provided for a new benefit increase under
18 this subsection is or has become inadequate, it may so certify
19 to the Governor and the State Comptroller and, in the absence
20 of corrective action by the General Assembly, the new benefit
21 increase shall expire at the end of the fiscal year in which
22 the certification is made.

23 (d) Every new benefit increase shall expire 5 years after
24 its effective date or on such earlier date as may be specified
25 in the language enacting the new benefit increase or provided
26 under subsection (c). This does not prevent the General

1 Assembly from extending or re-creating a new benefit increase
2 by law.

3 (e) Except as otherwise provided in the language creating
4 the new benefit increase, a new benefit increase that expires
5 under this Section continues to apply to persons who applied
6 and qualified for the affected benefit while the new benefit
7 increase was in effect and to the affected beneficiaries and
8 alternate payees of such persons, but does not apply to any
9 other person, including without limitation a person who
10 continues in service after the expiration date and did not
11 apply and qualify for the affected benefit while the new
12 benefit increase was in effect.

13 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

14 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

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

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

1 subsection (c).

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

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

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

25 Notwithstanding any other provision of this Section, the
26 required State contribution for State fiscal year 2005 and for

1 fiscal year 2008 and each fiscal year thereafter, as calculated
2 under this Section and certified under Section 18-140, shall
3 not exceed an amount equal to (i) the amount of the required
4 State contribution that would have been calculated under this
5 Section for that fiscal year if the System had not received any
6 payments under subsection (d) of Section 7.2 of the General
7 Obligation Bond Act, minus (ii) the portion of the State's
8 total debt service payments for that fiscal year on the bonds
9 issued in fiscal year 2003 for the purposes of that Section
10 7.2, as determined and certified by the Comptroller, that is
11 the same as the System's portion of the total moneys
12 distributed under subsection (d) of Section 7.2 of the General
13 Obligation Bond Act. In determining this maximum for State
14 fiscal years 2008 through 2010, however, the amount referred to
15 in item (i) shall be increased, as a percentage of the
16 applicable employee payroll, in equal increments calculated
17 from the sum of the required State contribution for State
18 fiscal year 2007 plus the applicable portion of the State's
19 total debt service payments for fiscal year 2007 on the bonds
20 issued in fiscal year 2003 for the purposes of Section 7.2 of
21 the General Obligation Bond Act, so that, by State fiscal year
22 2011, the State is contributing at the rate otherwise required
23 under this Section.

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

1 which shall be calculated as follows:

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

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

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

16 Section 25. The Illinois Educational Labor Relations Act is
17 amended by changing Sections 4 and 17 as follows:

18 (115 ILCS 5/4) (from Ch. 48, par. 1704)

19 Sec. 4. Employer rights. Employers shall not be required to
20 bargain over matters of inherent managerial policy, which shall
21 include such areas of discretion or policy as the functions of
22 the employer, standards of services, its overall budget, the
23 organizational structure and selection of new employees and
24 direction of employees. Employers, however, shall be required

1 to bargain collectively with regard to policy matters directly
2 affecting wages, hours and terms and conditions of employment
3 as well as the impact thereon upon request by employee
4 representatives, but excluding the changes, the impact of
5 changes, and the implementation of the changes set forth in
6 this amendatory Act of the 98th General Assembly. To preserve
7 the rights of employers and exclusive representatives which
8 have established collective bargaining relationships or
9 negotiated collective bargaining agreements prior to the
10 effective date of this Act, employers shall be required to
11 bargain collectively with regard to any matter concerning
12 wages, hours or conditions of employment about which they have
13 bargained for and agreed to in a collective bargaining
14 agreement prior to the effective date of this Act, but
15 excluding the changes, the impact of changes, and the
16 implementation of the changes set forth in this amendatory Act
17 of the 98th General Assembly.

18 (Source: P.A. 83-1014.)

19 (115 ILCS 5/17) (from Ch. 48, par. 1717)

20 Sec. 17. Effect on other laws. In case of any conflict
21 between the provisions of this Act and any other law (other
22 than the changes, the impact of changes, and the implementation
23 of the changes made to the Illinois Pension Code by this
24 amendatory Act of the 98th General Assembly), executive order
25 or administrative regulation, the provisions of this Act shall

1 prevail and control. The provisions of this Act are subject to
2 the changes made by this amendatory Act of the 98th General
3 Assembly. Nothing in this Act shall be construed to replace or
4 diminish the rights of employees established by Section 36d of
5 "An Act to create the State Universities Civil Service System",
6 approved May 11, 1905, as amended or modified.

7 (Source: P.A. 83-1014.)

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

10 (30 ILCS 805/8.37 new)

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

15 Section 97. Severability and inseverability. The changes
16 made by this Act to Acts other than the Illinois Pension Code
17 are severable from the other changes made by this Act. The
18 changes made by this Act to an Article of the Illinois Pension
19 Code are severable from the changes made by this Act to another
20 Article of the Illinois Pension Code. However, the changes made
21 by this Act in an Article of the Illinois Pension Code that
22 relate to (i) automatic annual increases, (ii) employee or
23 member contributions, (iii) State or employer contributions,

1 (iv) State funding guarantees, or (v) salary, earnings, or
2 compensation are mutually dependent and inseverable.

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

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| 4 | 5 ILCS 315/4 | from Ch. 48, par. 1604 |
| 5 | 5 ILCS 315/14 | from Ch. 48, par. 1614 |
| 6 | 5 ILCS 315/15 | from Ch. 48, par. 1615 |
| 7 | 20 ILCS 3005/7 | from Ch. 127, par. 417 |
| 8 | 20 ILCS 3005/8 | from Ch. 127, par. 418 |
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| 19 | 40 ILCS 5/2-121.1 | from Ch. 108 1/2, par. 2-121.1 |
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