



## 98TH GENERAL ASSEMBLY

### State of Illinois

#### 2013 and 2014

##### HB2375

by Rep. Lou Lang

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the State Employees Group Insurance Act of 1971. Provides that, beginning in State fiscal year 2014, a member who is eligible for medicare shall pay the full premium amount for his or her healthcare coverage under the Act. Amends the Illinois Pension Code. For the 5 State-funded retirement systems, incrementally increases employee contributions by a total of 3% of salary, imposes a minimum retirement age of 67 (or 62 with a discounted annuity), changes the funding goal from 90% to 80%, and changes the funding formula (beginning in FY2014, applies a 50-year amortization formula to reach an 80% funding ratio). In the State Universities and Downstate Teacher Articles, shifts costs to local employers. Amends the Illinois Income Tax Act. Makes the current tax rates permanent. In any fiscal year in which the total State contribution to the State-funded retirement systems is less than the proceeds from the income tax increase and the debt service savings from the retirement of the 2010 and 2011 Pension Obligation Notes, grants a refundable income tax credit equal to the difference. Amends the Department of Revenue Law of the Civil Administrative Code of Illinois. Requires the Department of Revenue and the State Comptroller to make certain determinations and certifications. Contains an inseverability provision. Effective immediately.

LRB098 10466 EFG 40688 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

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

4 Section 5. The State Employees Group Insurance Act of 1971  
5 is amended by changing Section 6 as follows:

6 (5 ILCS 375/6) (from Ch. 127, par. 526)

7 Sec. 6. Program of health benefits.

8 (a) The program of health benefits shall provide for  
9 protection against the financial costs of health care expenses  
10 incurred in and out of hospital including basic  
11 hospital-surgical-medical coverages. The program may include,  
12 but shall not be limited to, such supplemental coverages as  
13 out-patient diagnostic X-ray and laboratory expenses,  
14 prescription drugs, dental services, hearing evaluations,  
15 hearing aids, the dispensing and fitting of hearing aids, and  
16 similar group benefits as are now or may become available.  
17 However, nothing in this Act shall be construed to permit, on  
18 or after July 1, 1980, the non-contributory portion of any such  
19 program to include the expenses of obtaining an abortion,  
20 induced miscarriage or induced premature birth unless, in the  
21 opinion of a physician, such procedures are necessary for the  
22 preservation of the life of the woman seeking such treatment,  
23 or except an induced premature birth intended to produce a live

1 viable child and such procedure is necessary for the health of  
2 the mother or the unborn child. The program may also include  
3 coverage for those who rely on treatment by prayer or spiritual  
4 means alone for healing in accordance with the tenets and  
5 practice of a recognized religious denomination.

6 The program of health benefits shall be designed by the  
7 Director (1) to provide a reasonable relationship between the  
8 benefits to be included and the expected distribution of  
9 expenses of each such type to be incurred by the covered  
10 members and dependents, (2) to specify, as covered benefits and  
11 as optional benefits, the medical services of practitioners in  
12 all categories licensed under the Medical Practice Act of 1987,  
13 (3) to include reasonable controls, which may include  
14 deductible and co-insurance provisions, applicable to some or  
15 all of the benefits, or a coordination of benefits provision,  
16 to prevent or minimize unnecessary utilization of the various  
17 hospital, surgical and medical expenses to be provided and to  
18 provide reasonable assurance of stability of the program, and  
19 (4) to provide benefits to the extent possible to members  
20 throughout the State, wherever located, on an equitable basis.  
21 Notwithstanding any other provision of this Section or Act, for  
22 all members or dependents who are eligible for benefits under  
23 Social Security or the Railroad Retirement system or who had  
24 sufficient Medicare-covered government employment, the  
25 Department shall reduce benefits which would otherwise be paid  
26 by Medicare, by the amount of benefits for which the member or

1 dependents are eligible under Medicare, except that such  
2 reduction in benefits shall apply only to those members or  
3 dependents who (1) first become eligible for such medicare  
4 coverage on or after the effective date of this amendatory Act  
5 of 1992; or (2) are Medicare-eligible members or dependents of  
6 a local government unit which began participation in the  
7 program on or after July 1, 1992; or (3) remain eligible for  
8 but no longer receive Medicare coverage which they had been  
9 receiving on or after the effective date of this amendatory Act  
10 of 1992.

11 Notwithstanding any other provisions of this Act, where a  
12 covered member or dependents are eligible for benefits under  
13 the federal Medicare health insurance program (Title XVIII of  
14 the Social Security Act as added by Public Law 89-97, 89th  
15 Congress), benefits paid under the State of Illinois program or  
16 plan will be reduced by the amount of benefits paid by  
17 Medicare. For members or dependents who are eligible for  
18 benefits under Social Security or the Railroad Retirement  
19 system or who had sufficient Medicare-covered government  
20 employment, benefits shall be reduced by the amount for which  
21 the member or dependent is eligible under Medicare, except that  
22 such reduction in benefits shall apply only to those members or  
23 dependents who (1) first become eligible for such Medicare  
24 coverage on or after the effective date of this amendatory Act  
25 of 1992; or (2) are Medicare-eligible members or dependents of  
26 a local government unit which began participation in the

1 program on or after July 1, 1992; or (3) remain eligible for,  
2 but no longer receive Medicare coverage which they had been  
3 receiving on or after the effective date of this amendatory Act  
4 of 1992. Premiums may be adjusted, where applicable, to an  
5 amount deemed by the Director to be reasonably consistent with  
6 any reduction of benefits.

7 (b) A member, not otherwise covered by this Act, who has  
8 retired as a participating member under Article 2 of the  
9 Illinois Pension Code but is ineligible for the retirement  
10 annuity under Section 2-119 of the Illinois Pension Code, shall  
11 pay the premiums for coverage, not exceeding the amount paid by  
12 the State for the non-contributory coverage for other members,  
13 under the group health benefits program under this Act. The  
14 Director shall determine the premiums to be paid by a member  
15 under this subsection (b).

16 (c) Notwithstanding any other provision of this Act,  
17 beginning in State fiscal year 2014, a member who is eligible  
18 for medicare shall pay the full premium amount for his or her  
19 healthcare coverage under this Act.

20 (Source: P.A. 93-47, eff. 7-1-03.)

21 Section 10. The Department of Revenue Law of the Civil  
22 Administrative Code of Illinois is amended by adding Section  
23 2505-427 as follows:

24 (20 ILCS 2505/2505-427 new)

1       Sec. 2505-427. Certifications; State pension payment  
2 credit rates.

3       (a) As used in this Section:

4       "Pension note retirement savings" means an amount that  
5 represents the approximate annual amount no longer needed for  
6 debt service on the Pension Obligation Notes issued in 2010 and  
7 2011. Until all of those Notes (and any related refunding  
8 securities) have been retired, the annual pension note  
9 retirement savings shall be deemed to be zero. Beginning in  
10 State fiscal year 2020, or as soon thereafter as all of the  
11 Pension Obligation Notes issued in 2010 and 2011 (and any  
12 related refunding securities) have been retired, the annual  
13 pension note retirement savings shall be deemed to be  
14 \$1,000,000,000.

15       "Rate increase ratio" means 2/5 for individuals, trusts,  
16 and estates and 2.2/7 for corporations.

17       "State pension payment credit rate" means the rate used to  
18 determine a taxpayer's credit under Section 224 of the Illinois  
19 Income Tax Act, as calculated under this Section.

20       "State-funded retirement systems" means the General  
21 Assembly Retirement System, the State Employees' Retirement  
22 System of Illinois, the State Universities Retirement System,  
23 the Teachers' Retirement System of the State of Illinois, and  
24 the Judges Retirement System, established respectively under  
25 Articles 2, 14, 15, 16, and 18 of the Illinois Pension Code.

26       (b) No later than August 15, 2014, and by August 15th of

1 each calendar year thereafter, the Department shall certify the  
2 difference between (1) the total amount actually collected  
3 under subsections (a) and (b) of Section 201 of the Illinois  
4 Income Tax Act in the State fiscal year ending on June 30th of  
5 that calendar year, and (2) the total amount that would have  
6 been collected in the State fiscal year ending on June 30th of  
7 that calendar year if the tax imposed under subsections (a) and  
8 (b) of Section 201 of the Illinois Income Tax Act had been  
9 imposed at a rate of 3% for individuals, trusts, and estates  
10 and 4.8% for corporations during the entire fiscal year.

11 The amount so certified may be referred to as the "actual  
12 proceeds from the 2011 income tax increase" for that fiscal  
13 year.

14 (c) By August 15, 2014, and by August 15th of each calendar  
15 year thereafter, or as soon thereafter as may be  
16 administratively practicable, the State Comptroller shall  
17 certify to the Department of Revenue, the Governor, and the  
18 General Assembly the total amount of State contributions  
19 actually paid by the State to each of the State-funded  
20 retirement systems in the State fiscal year ending on June 30th  
21 of that calendar year, and the total of those amounts.

22 The individual amount so certified for a particular  
23 retirement system may be referred to as the retirement system's  
24 "actual State contributions" for that fiscal year.

25 The total of the amounts so certified may be referred to as  
26 the "combined actual State contributions" for that fiscal year.

1       (d) As soon as practicable after the end of each fiscal  
2 year, the Department of Revenue shall determine and certify the  
3 spending ratio for that fiscal year.

4       "Spending ratio" for a fiscal year means the ratio of (1)  
5 the actual proceeds from the 2011 income tax increase for that  
6 fiscal year (as certified under subsection (b) of this Section)  
7 plus the pension note retirement savings (as defined in  
8 subsection (a) of this Section), minus the combined actual  
9 State contributions for that fiscal year (as certified under  
10 subsection (c) of this Section), but not less than zero, to (2)  
11 the actual proceeds from the 2011 income tax increase for that  
12 fiscal year plus the pension note retirement savings.

13       (e) As soon as practicable after the end of each fiscal  
14 year, the Department of Revenue shall determine and certify the  
15 State pension payment credit rates for that fiscal year.

16       The State pension payment credit rate for each class of  
17 taxpayers shall be equal to the rate increase ratio for the  
18 applicable class of taxpayers multiplied by the spending ratio  
19 for the applicable fiscal year, expressed as a percentage.

20       (f) The Department of Revenue shall promptly transmit  
21 copies of its certifications under this Section to the  
22 Governor, the State Comptroller, the General Assembly, and the  
23 5 State-funded retirement systems.

24       The Department is not required to make any of the  
25 certifications under this Section for any fiscal year in which  
26 the rate of tax is reduced under Section 201.5 of the Illinois

1 Income Tax Act during the entire fiscal year.

2 Section 15. The Illinois Income Tax Act is amended by  
3 changing Section 201 and by adding Section 224 as follows:

4 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

5 Sec. 201. Tax Imposed.

6 (a) In general. A tax measured by net income is hereby  
7 imposed on every individual, corporation, trust and estate for  
8 each taxable year ending after July 31, 1969 on the privilege  
9 of earning or receiving income in or as a resident of this  
10 State. Such tax shall be in addition to all other occupation or  
11 privilege taxes imposed by this State or by any municipal  
12 corporation or political subdivision thereof.

13 (b) Rates. The tax imposed by subsection (a) of this  
14 Section shall be determined as follows, except as adjusted by  
15 subsection (d-1):

16 (1) In the case of an individual, trust or estate, for  
17 taxable years ending prior to July 1, 1989, an amount equal  
18 to 2 1/2% of the taxpayer's net income for the taxable  
19 year.

20 (2) In the case of an individual, trust or estate, for  
21 taxable years beginning prior to July 1, 1989 and ending  
22 after June 30, 1989, an amount equal to the sum of (i) 2  
23 1/2% of the taxpayer's net income for the period prior to  
24 July 1, 1989, as calculated under Section 202.3, and (ii)

1 3% of the taxpayer's net income for the period after June  
2 30, 1989, as calculated under Section 202.3.

3 (3) In the case of an individual, trust or estate, for  
4 taxable years beginning after June 30, 1989, and ending  
5 prior to January 1, 2011, an amount equal to 3% of the  
6 taxpayer's net income for the taxable year.

7 (4) In the case of an individual, trust, or estate, for  
8 taxable years beginning prior to January 1, 2011, and  
9 ending after December 31, 2010, an amount equal to the sum  
10 of (i) 3% of the taxpayer's net income for the period prior  
11 to January 1, 2011, as calculated under Section 202.5, and  
12 (ii) 5% of the taxpayer's net income for the period after  
13 December 31, 2010, as calculated under Section 202.5.

14 (5) In the case of an individual, trust, or estate, for  
15 taxable years beginning on or after January 1, 2011, ~~and~~  
16 ~~ending prior to January 1, 2015,~~ an amount equal to 5% of  
17 the taxpayer's net income for the taxable year.

18 (5.1) (Blank). ~~In the case of an individual, trust, or~~  
19 ~~estate, for taxable years beginning prior to January 1,~~  
20 ~~2015, and ending after December 31, 2014, an amount equal~~  
21 ~~to the sum of (i) 5% of the taxpayer's net income for the~~  
22 ~~period prior to January 1, 2015, as calculated under~~  
23 ~~Section 202.5, and (ii) 3.75% of the taxpayer's net income~~  
24 ~~for the period after December 31, 2014, as calculated under~~  
25 ~~Section 202.5.~~

26 (5.2) (Blank). ~~In the case of an individual, trust, or~~

1 ~~estate, for taxable years beginning on or after January 1,~~  
2 ~~2015, and ending prior to January 1, 2025, an amount equal~~  
3 ~~to 3.75% of the taxpayer's net income for the taxable year.~~

4 (5.3) (Blank). ~~In the case of an individual, trust, or~~  
5 ~~estate, for taxable years beginning prior to January 1,~~  
6 ~~2025, and ending after December 31, 2024, an amount equal~~  
7 ~~to the sum of (i) 3.75% of the taxpayer's net income for~~  
8 ~~the period prior to January 1, 2025, as calculated under~~  
9 ~~Section 202.5, and (ii) 3.25% of the taxpayer's net income~~  
10 ~~for the period after December 31, 2024, as calculated under~~  
11 ~~Section 202.5.~~

12 (5.4) (Blank). ~~In the case of an individual, trust, or~~  
13 ~~estate, for taxable years beginning on or after January 1,~~  
14 ~~2025, an amount equal to 3.25% of the taxpayer's net income~~  
15 ~~for the taxable year.~~

16 (6) In the case of a corporation, for taxable years  
17 ending prior to July 1, 1989, an amount equal to 4% of the  
18 taxpayer's net income for the taxable year.

19 (7) In the case of a corporation, for taxable years  
20 beginning prior to July 1, 1989 and ending after June 30,  
21 1989, an amount equal to the sum of (i) 4% of the  
22 taxpayer's net income for the period prior to July 1, 1989,  
23 as calculated under Section 202.3, and (ii) 4.8% of the  
24 taxpayer's net income for the period after June 30, 1989,  
25 as calculated under Section 202.3.

26 (8) In the case of a corporation, for taxable years

1 beginning after June 30, 1989, and ending prior to January  
2 1, 2011, an amount equal to 4.8% of the taxpayer's net  
3 income for the taxable year.

4 (9) In the case of a corporation, for taxable years  
5 beginning prior to January 1, 2011, and ending after  
6 December 31, 2010, an amount equal to the sum of (i) 4.8%  
7 of the taxpayer's net income for the period prior to  
8 January 1, 2011, as calculated under Section 202.5, and  
9 (ii) 7% of the taxpayer's net income for the period after  
10 December 31, 2010, as calculated under Section 202.5.

11 (10) In the case of a corporation, for taxable years  
12 beginning on or after January 1, 2011, ~~and ending prior to~~  
13 ~~January 1, 2015,~~ an amount equal to 7% of the taxpayer's  
14 net income for the taxable year.

15 (11) (Blank). ~~In the case of a corporation, for taxable~~  
16 ~~years beginning prior to January 1, 2015, and ending after~~  
17 ~~December 31, 2014, an amount equal to the sum of (i) 7% of~~  
18 ~~the taxpayer's net income for the period prior to January~~  
19 ~~1, 2015, as calculated under Section 202.5, and (ii) 5.25%~~  
20 ~~of the taxpayer's net income for the period after December~~  
21 ~~31, 2014, as calculated under Section 202.5.~~

22 (12) (Blank). ~~In the case of a corporation, for taxable~~  
23 ~~years beginning on or after January 1, 2015, and ending~~  
24 ~~prior to January 1, 2025, an amount equal to 5.25% of the~~  
25 ~~taxpayer's net income for the taxable year.~~

26 (13) (Blank). ~~In the case of a corporation, for taxable~~

1 ~~years beginning prior to January 1, 2025, and ending after~~  
2 ~~December 31, 2024, an amount equal to the sum of (i) 5.25%~~  
3 ~~of the taxpayer's net income for the period prior to~~  
4 ~~January 1, 2025, as calculated under Section 202.5, and~~  
5 ~~(ii) 4.8% of the taxpayer's net income for the period after~~  
6 ~~December 31, 2024, as calculated under Section 202.5.~~

7 (14) (Blank). ~~In the case of a corporation, for taxable~~  
8 ~~years beginning on or after January 1, 2025, an amount~~  
9 ~~equal to 4.8% of the taxpayer's net income for the taxable~~  
10 ~~year.~~

11 The rates under this subsection (b) are subject to the  
12 provisions of Section 201.5.

13 (c) Personal Property Tax Replacement Income Tax.  
14 Beginning on July 1, 1979 and thereafter, in addition to such  
15 income tax, there is also hereby imposed the Personal Property  
16 Tax Replacement Income Tax measured by net income on every  
17 corporation (including Subchapter S corporations), partnership  
18 and trust, for each taxable year ending after June 30, 1979.  
19 Such taxes are imposed on the privilege of earning or receiving  
20 income in or as a resident of this State. The Personal Property  
21 Tax Replacement Income Tax shall be in addition to the income  
22 tax imposed by subsections (a) and (b) of this Section and in  
23 addition to all other occupation or privilege taxes imposed by  
24 this State or by any municipal corporation or political  
25 subdivision thereof.

26 (d) Additional Personal Property Tax Replacement Income

1 Tax Rates. The personal property tax replacement income tax  
2 imposed by this subsection and subsection (c) of this Section  
3 in the case of a corporation, other than a Subchapter S  
4 corporation and except as adjusted by subsection (d-1), shall  
5 be an additional amount equal to 2.85% of such taxpayer's net  
6 income for the taxable year, except that beginning on January  
7 1, 1981, and thereafter, the rate of 2.85% specified in this  
8 subsection shall be reduced to 2.5%, and in the case of a  
9 partnership, trust or a Subchapter S corporation shall be an  
10 additional amount equal to 1.5% of such taxpayer's net income  
11 for the taxable year.

12 (d-1) Rate reduction for certain foreign insurers. In the  
13 case of a foreign insurer, as defined by Section 35A-5 of the  
14 Illinois Insurance Code, whose state or country of domicile  
15 imposes on insurers domiciled in Illinois a retaliatory tax  
16 (excluding any insurer whose premiums from reinsurance assumed  
17 are 50% or more of its total insurance premiums as determined  
18 under paragraph (2) of subsection (b) of Section 304, except  
19 that for purposes of this determination premiums from  
20 reinsurance do not include premiums from inter-affiliate  
21 reinsurance arrangements), beginning with taxable years ending  
22 on or after December 31, 1999, the sum of the rates of tax  
23 imposed by subsections (b) and (d) shall be reduced (but not  
24 increased) to the rate at which the total amount of tax imposed  
25 under this Act, net of all credits allowed under this Act,  
26 shall equal (i) the total amount of tax that would be imposed

1 on the foreign insurer's net income allocable to Illinois for  
2 the taxable year by such foreign insurer's state or country of  
3 domicile if that net income were subject to all income taxes  
4 and taxes measured by net income imposed by such foreign  
5 insurer's state or country of domicile, net of all credits  
6 allowed or (ii) a rate of zero if no such tax is imposed on such  
7 income by the foreign insurer's state of domicile. For the  
8 purposes of this subsection (d-1), an inter-affiliate includes  
9 a mutual insurer under common management.

10 (1) For the purposes of subsection (d-1), in no event  
11 shall the sum of the rates of tax imposed by subsections  
12 (b) and (d) be reduced below the rate at which the sum of:

13 (A) the total amount of tax imposed on such foreign  
14 insurer under this Act for a taxable year, net of all  
15 credits allowed under this Act, plus

16 (B) the privilege tax imposed by Section 409 of the  
17 Illinois Insurance Code, the fire insurance company  
18 tax imposed by Section 12 of the Fire Investigation  
19 Act, and the fire department taxes imposed under  
20 Section 11-10-1 of the Illinois Municipal Code,  
21 equals 1.25% for taxable years ending prior to December 31,  
22 2003, or 1.75% for taxable years ending on or after  
23 December 31, 2003, of the net taxable premiums written for  
24 the taxable year, as described by subsection (1) of Section  
25 409 of the Illinois Insurance Code. This paragraph will in  
26 no event increase the rates imposed under subsections (b)

1 and (d).

2 (2) Any reduction in the rates of tax imposed by this  
3 subsection shall be applied first against the rates imposed  
4 by subsection (b) and only after the tax imposed by  
5 subsection (a) net of all credits allowed under this  
6 Section other than the credit allowed under subsection (i)  
7 has been reduced to zero, against the rates imposed by  
8 subsection (d).

9 This subsection (d-1) is exempt from the provisions of  
10 Section 250.

11 (e) Investment credit. A taxpayer shall be allowed a credit  
12 against the Personal Property Tax Replacement Income Tax for  
13 investment in qualified property.

14 (1) A taxpayer shall be allowed a credit equal to .5%  
15 of the basis of qualified property placed in service during  
16 the taxable year, provided such property is placed in  
17 service on or after July 1, 1984. There shall be allowed an  
18 additional credit equal to .5% of the basis of qualified  
19 property placed in service during the taxable year,  
20 provided such property is placed in service on or after  
21 July 1, 1986, and the taxpayer's base employment within  
22 Illinois has increased by 1% or more over the preceding  
23 year as determined by the taxpayer's employment records  
24 filed with the Illinois Department of Employment Security.  
25 Taxpayers who are new to Illinois shall be deemed to have  
26 met the 1% growth in base employment for the first year in

1           which they file employment records with the Illinois  
2           Department of Employment Security. The provisions added to  
3           this Section by Public Act 85-1200 (and restored by Public  
4           Act 87-895) shall be construed as declaratory of existing  
5           law and not as a new enactment. If, in any year, the  
6           increase in base employment within Illinois over the  
7           preceding year is less than 1%, the additional credit shall  
8           be limited to that percentage times a fraction, the  
9           numerator of which is .5% and the denominator of which is  
10          1%, but shall not exceed .5%. The investment credit shall  
11          not be allowed to the extent that it would reduce a  
12          taxpayer's liability in any tax year below zero, nor may  
13          any credit for qualified property be allowed for any year  
14          other than the year in which the property was placed in  
15          service in Illinois. For tax years ending on or after  
16          December 31, 1987, and on or before December 31, 1988, the  
17          credit shall be allowed for the tax year in which the  
18          property is placed in service, or, if the amount of the  
19          credit exceeds the tax liability for that year, whether it  
20          exceeds the original liability or the liability as later  
21          amended, such excess may be carried forward and applied to  
22          the tax liability of the 5 taxable years following the  
23          excess credit years if the taxpayer (i) makes investments  
24          which cause the creation of a minimum of 2,000 full-time  
25          equivalent jobs in Illinois, (ii) is located in an  
26          enterprise zone established pursuant to the Illinois

1 Enterprise Zone Act and (iii) is certified by the  
2 Department of Commerce and Community Affairs (now  
3 Department of Commerce and Economic Opportunity) as  
4 complying with the requirements specified in clause (i) and  
5 (ii) by July 1, 1986. The Department of Commerce and  
6 Community Affairs (now Department of Commerce and Economic  
7 Opportunity) shall notify the Department of Revenue of all  
8 such certifications immediately. For tax years ending  
9 after December 31, 1988, the credit shall be allowed for  
10 the tax year in which the property is placed in service,  
11 or, if the amount of the credit exceeds the tax liability  
12 for that year, whether it exceeds the original liability or  
13 the liability as later amended, such excess may be carried  
14 forward and applied to the tax liability of the 5 taxable  
15 years following the excess credit years. The credit shall  
16 be applied to the earliest year for which there is a  
17 liability. If there is credit from more than one tax year  
18 that is available to offset a liability, earlier credit  
19 shall be applied first.

20 (2) The term "qualified property" means property  
21 which:

22 (A) is tangible, whether new or used, including  
23 buildings and structural components of buildings and  
24 signs that are real property, but not including land or  
25 improvements to real property that are not a structural  
26 component of a building such as landscaping, sewer

1 lines, local access roads, fencing, parking lots, and  
2 other appurtenances;

3 (B) is depreciable pursuant to Section 167 of the  
4 Internal Revenue Code, except that "3-year property"  
5 as defined in Section 168(c)(2)(A) of that Code is not  
6 eligible for the credit provided by this subsection  
7 (e);

8 (C) is acquired by purchase as defined in Section  
9 179(d) of the Internal Revenue Code;

10 (D) is used in Illinois by a taxpayer who is  
11 primarily engaged in manufacturing, or in mining coal  
12 or fluorite, or in retailing, or was placed in service  
13 on or after July 1, 2006 in a River Edge Redevelopment  
14 Zone established pursuant to the River Edge  
15 Redevelopment Zone Act; and

16 (E) has not previously been used in Illinois in  
17 such a manner and by such a person as would qualify for  
18 the credit provided by this subsection (e) or  
19 subsection (f).

20 (3) For purposes of this subsection (e),  
21 "manufacturing" means the material staging and production  
22 of tangible personal property by procedures commonly  
23 regarded as manufacturing, processing, fabrication, or  
24 assembling which changes some existing material into new  
25 shapes, new qualities, or new combinations. For purposes of  
26 this subsection (e) the term "mining" shall have the same

1 meaning as the term "mining" in Section 613(c) of the  
2 Internal Revenue Code. For purposes of this subsection (e),  
3 the term "retailing" means the sale of tangible personal  
4 property for use or consumption and not for resale, or  
5 services rendered in conjunction with the sale of tangible  
6 personal property for use or consumption and not for  
7 resale. For purposes of this subsection (e), "tangible  
8 personal property" has the same meaning as when that term  
9 is used in the Retailers' Occupation Tax Act, and, for  
10 taxable years ending after December 31, 2008, does not  
11 include the generation, transmission, or distribution of  
12 electricity.

13 (4) The basis of qualified property shall be the basis  
14 used to compute the depreciation deduction for federal  
15 income tax purposes.

16 (5) If the basis of the property for federal income tax  
17 depreciation purposes is increased after it has been placed  
18 in service in Illinois by the taxpayer, the amount of such  
19 increase shall be deemed property placed in service on the  
20 date of such increase in basis.

21 (6) The term "placed in service" shall have the same  
22 meaning as under Section 46 of the Internal Revenue Code.

23 (7) If during any taxable year, any property ceases to  
24 be qualified property in the hands of the taxpayer within  
25 48 months after being placed in service, or the situs of  
26 any qualified property is moved outside Illinois within 48

1 months after being placed in service, the Personal Property  
2 Tax Replacement Income Tax for such taxable year shall be  
3 increased. Such increase shall be determined by (i)  
4 recomputing the investment credit which would have been  
5 allowed for the year in which credit for such property was  
6 originally allowed by eliminating such property from such  
7 computation and, (ii) subtracting such recomputed credit  
8 from the amount of credit previously allowed. For the  
9 purposes of this paragraph (7), a reduction of the basis of  
10 qualified property resulting from a redetermination of the  
11 purchase price shall be deemed a disposition of qualified  
12 property to the extent of such reduction.

13 (8) Unless the investment credit is extended by law,  
14 the basis of qualified property shall not include costs  
15 incurred after December 31, 2018, except for costs incurred  
16 pursuant to a binding contract entered into on or before  
17 December 31, 2018.

18 (9) Each taxable year ending before December 31, 2000,  
19 a partnership may elect to pass through to its partners the  
20 credits to which the partnership is entitled under this  
21 subsection (e) for the taxable year. A partner may use the  
22 credit allocated to him or her under this paragraph only  
23 against the tax imposed in subsections (c) and (d) of this  
24 Section. If the partnership makes that election, those  
25 credits shall be allocated among the partners in the  
26 partnership in accordance with the rules set forth in

1 Section 704(b) of the Internal Revenue Code, and the rules  
2 promulgated under that Section, and the allocated amount of  
3 the credits shall be allowed to the partners for that  
4 taxable year. The partnership shall make this election on  
5 its Personal Property Tax Replacement Income Tax return for  
6 that taxable year. The election to pass through the credits  
7 shall be irrevocable.

8 For taxable years ending on or after December 31, 2000,  
9 a partner that qualifies its partnership for a subtraction  
10 under subparagraph (I) of paragraph (2) of subsection (d)  
11 of Section 203 or a shareholder that qualifies a Subchapter  
12 S corporation for a subtraction under subparagraph (S) of  
13 paragraph (2) of subsection (b) of Section 203 shall be  
14 allowed a credit under this subsection (e) equal to its  
15 share of the credit earned under this subsection (e) during  
16 the taxable year by the partnership or Subchapter S  
17 corporation, determined in accordance with the  
18 determination of income and distributive share of income  
19 under Sections 702 and 704 and Subchapter S of the Internal  
20 Revenue Code. This paragraph is exempt from the provisions  
21 of Section 250.

22 (f) Investment credit; Enterprise Zone; River Edge  
23 Redevelopment Zone.

24 (1) A taxpayer shall be allowed a credit against the  
25 tax imposed by subsections (a) and (b) of this Section for  
26 investment in qualified property which is placed in service

1 in an Enterprise Zone created pursuant to the Illinois  
2 Enterprise Zone Act or, for property placed in service on  
3 or after July 1, 2006, a River Edge Redevelopment Zone  
4 established pursuant to the River Edge Redevelopment Zone  
5 Act. For partners, shareholders of Subchapter S  
6 corporations, and owners of limited liability companies,  
7 if the liability company is treated as a partnership for  
8 purposes of federal and State income taxation, there shall  
9 be allowed a credit under this subsection (f) to be  
10 determined in accordance with the determination of income  
11 and distributive share of income under Sections 702 and 704  
12 and Subchapter S of the Internal Revenue Code. The credit  
13 shall be .5% of the basis for such property. The credit  
14 shall be available only in the taxable year in which the  
15 property is placed in service in the Enterprise Zone or  
16 River Edge Redevelopment Zone and shall not be allowed to  
17 the extent that it would reduce a taxpayer's liability for  
18 the tax imposed by subsections (a) and (b) of this Section  
19 to below zero. For tax years ending on or after December  
20 31, 1985, the credit shall be allowed for the tax year in  
21 which the property is placed in service, or, if the amount  
22 of the credit exceeds the tax liability for that year,  
23 whether it exceeds the original liability or the liability  
24 as later amended, such excess may be carried forward and  
25 applied to the tax liability of the 5 taxable years  
26 following the excess credit year. The credit shall be

1 applied to the earliest year for which there is a  
2 liability. If there is credit from more than one tax year  
3 that is available to offset a liability, the credit  
4 accruing first in time shall be applied first.

5 (2) The term qualified property means property which:

6 (A) is tangible, whether new or used, including  
7 buildings and structural components of buildings;

8 (B) is depreciable pursuant to Section 167 of the  
9 Internal Revenue Code, except that "3-year property"  
10 as defined in Section 168(c)(2)(A) of that Code is not  
11 eligible for the credit provided by this subsection  
12 (f);

13 (C) is acquired by purchase as defined in Section  
14 179(d) of the Internal Revenue Code;

15 (D) is used in the Enterprise Zone or River Edge  
16 Redevelopment Zone by the taxpayer; and

17 (E) has not been previously used in Illinois in  
18 such a manner and by such a person as would qualify for  
19 the credit provided by this subsection (f) or  
20 subsection (e).

21 (3) The basis of qualified property shall be the basis  
22 used to compute the depreciation deduction for federal  
23 income tax purposes.

24 (4) If the basis of the property for federal income tax  
25 depreciation purposes is increased after it has been placed  
26 in service in the Enterprise Zone or River Edge

1           Redevelopment Zone by the taxpayer, the amount of such  
2           increase shall be deemed property placed in service on the  
3           date of such increase in basis.

4           (5) The term "placed in service" shall have the same  
5           meaning as under Section 46 of the Internal Revenue Code.

6           (6) If during any taxable year, any property ceases to  
7           be qualified property in the hands of the taxpayer within  
8           48 months after being placed in service, or the situs of  
9           any qualified property is moved outside the Enterprise Zone  
10          or River Edge Redevelopment Zone within 48 months after  
11          being placed in service, the tax imposed under subsections  
12          (a) and (b) of this Section for such taxable year shall be  
13          increased. Such increase shall be determined by (i)  
14          recomputing the investment credit which would have been  
15          allowed for the year in which credit for such property was  
16          originally allowed by eliminating such property from such  
17          computation, and (ii) subtracting such recomputed credit  
18          from the amount of credit previously allowed. For the  
19          purposes of this paragraph (6), a reduction of the basis of  
20          qualified property resulting from a redetermination of the  
21          purchase price shall be deemed a disposition of qualified  
22          property to the extent of such reduction.

23          (7) There shall be allowed an additional credit equal  
24          to 0.5% of the basis of qualified property placed in  
25          service during the taxable year in a River Edge  
26          Redevelopment Zone, provided such property is placed in

1 service on or after July 1, 2006, and the taxpayer's base  
2 employment within Illinois has increased by 1% or more over  
3 the preceding year as determined by the taxpayer's  
4 employment records filed with the Illinois Department of  
5 Employment Security. Taxpayers who are new to Illinois  
6 shall be deemed to have met the 1% growth in base  
7 employment for the first year in which they file employment  
8 records with the Illinois Department of Employment  
9 Security. If, in any year, the increase in base employment  
10 within Illinois over the preceding year is less than 1%,  
11 the additional credit shall be limited to that percentage  
12 times a fraction, the numerator of which is 0.5% and the  
13 denominator of which is 1%, but shall not exceed 0.5%.

14 (g) Jobs Tax Credit; River Edge Redevelopment Zone and  
15 Foreign Trade Zone or Sub-Zone.

16 (1) A taxpayer conducting a trade or business, for  
17 taxable years ending on or after December 31, 2006, in a  
18 River Edge Redevelopment Zone or conducting a trade or  
19 business in a federally designated Foreign Trade Zone or  
20 Sub-Zone shall be allowed a credit against the tax imposed  
21 by subsections (a) and (b) of this Section in the amount of  
22 \$500 per eligible employee hired to work in the zone during  
23 the taxable year.

24 (2) To qualify for the credit:

25 (A) the taxpayer must hire 5 or more eligible  
26 employees to work in a River Edge Redevelopment Zone or

1           federally designated Foreign Trade Zone or Sub-Zone  
2           during the taxable year;

3           (B) the taxpayer's total employment within the  
4           River Edge Redevelopment Zone or federally designated  
5           Foreign Trade Zone or Sub-Zone must increase by 5 or  
6           more full-time employees beyond the total employed in  
7           that zone at the end of the previous tax year for which  
8           a jobs tax credit under this Section was taken, or  
9           beyond the total employed by the taxpayer as of  
10          December 31, 1985, whichever is later; and

11          (C) the eligible employees must be employed 180  
12          consecutive days in order to be deemed hired for  
13          purposes of this subsection.

14          (3) An "eligible employee" means an employee who is:

15               (A) Certified by the Department of Commerce and  
16               Economic Opportunity as "eligible for services"  
17               pursuant to regulations promulgated in accordance with  
18               Title II of the Job Training Partnership Act, Training  
19               Services for the Disadvantaged or Title III of the Job  
20               Training Partnership Act, Employment and Training  
21               Assistance for Dislocated Workers Program.

22               (B) Hired after the River Edge Redevelopment Zone  
23               or federally designated Foreign Trade Zone or Sub-Zone  
24               was designated or the trade or business was located in  
25               that zone, whichever is later.

26               (C) Employed in the River Edge Redevelopment Zone

1 or Foreign Trade Zone or Sub-Zone. An employee is  
2 employed in a federally designated Foreign Trade Zone  
3 or Sub-Zone if his services are rendered there or it is  
4 the base of operations for the services performed.

5 (D) A full-time employee working 30 or more hours  
6 per week.

7 (4) For tax years ending on or after December 31, 1985  
8 and prior to December 31, 1988, the credit shall be allowed  
9 for the tax year in which the eligible employees are hired.  
10 For tax years ending on or after December 31, 1988, the  
11 credit shall be allowed for the tax year immediately  
12 following the tax year in which the eligible employees are  
13 hired. If the amount of the credit exceeds the tax  
14 liability for that year, whether it exceeds the original  
15 liability or the liability as later amended, such excess  
16 may be carried forward and applied to the tax liability of  
17 the 5 taxable years following the excess credit year. The  
18 credit shall be applied to the earliest year for which  
19 there is a liability. If there is credit from more than one  
20 tax year that is available to offset a liability, earlier  
21 credit shall be applied first.

22 (5) The Department of Revenue shall promulgate such  
23 rules and regulations as may be deemed necessary to carry  
24 out the purposes of this subsection (g).

25 (6) The credit shall be available for eligible  
26 employees hired on or after January 1, 1986.

1 (h) Investment credit; High Impact Business.

2 (1) Subject to subsections (b) and (b-5) of Section 5.5  
3 of the Illinois Enterprise Zone Act, a taxpayer shall be  
4 allowed a credit against the tax imposed by subsections (a)  
5 and (b) of this Section for investment in qualified  
6 property which is placed in service by a Department of  
7 Commerce and Economic Opportunity designated High Impact  
8 Business. The credit shall be .5% of the basis for such  
9 property. The credit shall not be available (i) until the  
10 minimum investments in qualified property set forth in  
11 subdivision (a)(3)(A) of Section 5.5 of the Illinois  
12 Enterprise Zone Act have been satisfied or (ii) until the  
13 time authorized in subsection (b-5) of the Illinois  
14 Enterprise Zone Act for entities designated as High Impact  
15 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and  
16 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone  
17 Act, and shall not be allowed to the extent that it would  
18 reduce a taxpayer's liability for the tax imposed by  
19 subsections (a) and (b) of this Section to below zero. The  
20 credit applicable to such investments shall be taken in the  
21 taxable year in which such investments have been completed.  
22 The credit for additional investments beyond the minimum  
23 investment by a designated high impact business authorized  
24 under subdivision (a)(3)(A) of Section 5.5 of the Illinois  
25 Enterprise Zone Act shall be available only in the taxable  
26 year in which the property is placed in service and shall

1 not be allowed to the extent that it would reduce a  
2 taxpayer's liability for the tax imposed by subsections (a)  
3 and (b) of this Section to below zero. For tax years ending  
4 on or after December 31, 1987, the credit shall be allowed  
5 for the tax year in which the property is placed in  
6 service, or, if the amount of the credit exceeds the tax  
7 liability for that year, whether it exceeds the original  
8 liability or the liability as later amended, such excess  
9 may be carried forward and applied to the tax liability of  
10 the 5 taxable years following the excess credit year. The  
11 credit shall be applied to the earliest year for which  
12 there is a liability. If there is credit from more than one  
13 tax year that is available to offset a liability, the  
14 credit accruing first in time shall be applied first.

15 Changes made in this subdivision (h) (1) by Public Act  
16 88-670 restore changes made by Public Act 85-1182 and  
17 reflect existing law.

18 (2) The term qualified property means property which:

19 (A) is tangible, whether new or used, including  
20 buildings and structural components of buildings;

21 (B) is depreciable pursuant to Section 167 of the  
22 Internal Revenue Code, except that "3-year property"  
23 as defined in Section 168(c) (2) (A) of that Code is not  
24 eligible for the credit provided by this subsection  
25 (h);

26 (C) is acquired by purchase as defined in Section

1 179(d) of the Internal Revenue Code; and

2 (D) is not eligible for the Enterprise Zone  
3 Investment Credit provided by subsection (f) of this  
4 Section.

5 (3) The basis of qualified property shall be the basis  
6 used to compute the depreciation deduction for federal  
7 income tax purposes.

8 (4) If the basis of the property for federal income tax  
9 depreciation purposes is increased after it has been placed  
10 in service in a federally designated Foreign Trade Zone or  
11 Sub-Zone located in Illinois by the taxpayer, the amount of  
12 such increase shall be deemed property placed in service on  
13 the date of such increase in basis.

14 (5) The term "placed in service" shall have the same  
15 meaning as under Section 46 of the Internal Revenue Code.

16 (6) If during any taxable year ending on or before  
17 December 31, 1996, any property ceases to be qualified  
18 property in the hands of the taxpayer within 48 months  
19 after being placed in service, or the situs of any  
20 qualified property is moved outside Illinois within 48  
21 months after being placed in service, the tax imposed under  
22 subsections (a) and (b) of this Section for such taxable  
23 year shall be increased. Such increase shall be determined  
24 by (i) recomputing the investment credit which would have  
25 been allowed for the year in which credit for such property  
26 was originally allowed by eliminating such property from

1 such computation, and (ii) subtracting such recomputed  
2 credit from the amount of credit previously allowed. For  
3 the purposes of this paragraph (6), a reduction of the  
4 basis of qualified property resulting from a  
5 redetermination of the purchase price shall be deemed a  
6 disposition of qualified property to the extent of such  
7 reduction.

8 (7) Beginning with tax years ending after December 31,  
9 1996, if a taxpayer qualifies for the credit under this  
10 subsection (h) and thereby is granted a tax abatement and  
11 the taxpayer relocates its entire facility in violation of  
12 the explicit terms and length of the contract under Section  
13 18-183 of the Property Tax Code, the tax imposed under  
14 subsections (a) and (b) of this Section shall be increased  
15 for the taxable year in which the taxpayer relocated its  
16 facility by an amount equal to the amount of credit  
17 received by the taxpayer under this subsection (h).

18 (i) Credit for Personal Property Tax Replacement Income  
19 Tax. For tax years ending prior to December 31, 2003, a credit  
20 shall be allowed against the tax imposed by subsections (a) and  
21 (b) of this Section for the tax imposed by subsections (c) and  
22 (d) of this Section. This credit shall be computed by  
23 multiplying the tax imposed by subsections (c) and (d) of this  
24 Section by a fraction, the numerator of which is base income  
25 allocable to Illinois and the denominator of which is Illinois  
26 base income, and further multiplying the product by the tax

1 rate imposed by subsections (a) and (b) of this Section.

2 Any credit earned on or after December 31, 1986 under this  
3 subsection which is unused in the year the credit is computed  
4 because it exceeds the tax liability imposed by subsections (a)  
5 and (b) for that year (whether it exceeds the original  
6 liability or the liability as later amended) may be carried  
7 forward and applied to the tax liability imposed by subsections  
8 (a) and (b) of the 5 taxable years following the excess credit  
9 year, provided that no credit may be carried forward to any  
10 year ending on or after December 31, 2003. This credit shall be  
11 applied first to the earliest year for which there is a  
12 liability. If there is a credit under this subsection from more  
13 than one tax year that is available to offset a liability the  
14 earliest credit arising under this subsection shall be applied  
15 first.

16 If, during any taxable year ending on or after December 31,  
17 1986, the tax imposed by subsections (c) and (d) of this  
18 Section for which a taxpayer has claimed a credit under this  
19 subsection (i) is reduced, the amount of credit for such tax  
20 shall also be reduced. Such reduction shall be determined by  
21 recomputing the credit to take into account the reduced tax  
22 imposed by subsections (c) and (d). If any portion of the  
23 reduced amount of credit has been carried to a different  
24 taxable year, an amended return shall be filed for such taxable  
25 year to reduce the amount of credit claimed.

26 (j) Training expense credit. Beginning with tax years

1 ending on or after December 31, 1986 and prior to December 31,  
2 2003, a taxpayer shall be allowed a credit against the tax  
3 imposed by subsections (a) and (b) under this Section for all  
4 amounts paid or accrued, on behalf of all persons employed by  
5 the taxpayer in Illinois or Illinois residents employed outside  
6 of Illinois by a taxpayer, for educational or vocational  
7 training in semi-technical or technical fields or semi-skilled  
8 or skilled fields, which were deducted from gross income in the  
9 computation of taxable income. The credit against the tax  
10 imposed by subsections (a) and (b) shall be 1.6% of such  
11 training expenses. For partners, shareholders of subchapter S  
12 corporations, and owners of limited liability companies, if the  
13 liability company is treated as a partnership for purposes of  
14 federal and State income taxation, there shall be allowed a  
15 credit under this subsection (j) to be determined in accordance  
16 with the determination of income and distributive share of  
17 income under Sections 702 and 704 and subchapter S of the  
18 Internal Revenue Code.

19 Any credit allowed under this subsection which is unused in  
20 the year the credit is earned may be carried forward to each of  
21 the 5 taxable years following the year for which the credit is  
22 first computed until it is used. This credit shall be applied  
23 first to the earliest year for which there is a liability. If  
24 there is a credit under this subsection from more than one tax  
25 year that is available to offset a liability the earliest  
26 credit arising under this subsection shall be applied first. No

1 carryforward credit may be claimed in any tax year ending on or  
2 after December 31, 2003.

3 (k) Research and development credit. For tax years ending  
4 after July 1, 1990 and prior to December 31, 2003, and  
5 beginning again for tax years ending on or after December 31,  
6 2004, and ending prior to January 1, 2016, a taxpayer shall be  
7 allowed a credit against the tax imposed by subsections (a) and  
8 (b) of this Section for increasing research activities in this  
9 State. The credit allowed against the tax imposed by  
10 subsections (a) and (b) shall be equal to 6 1/2% of the  
11 qualifying expenditures for increasing research activities in  
12 this State. For partners, shareholders of subchapter S  
13 corporations, and owners of limited liability companies, if the  
14 liability company is treated as a partnership for purposes of  
15 federal and State income taxation, there shall be allowed a  
16 credit under this subsection to be determined in accordance  
17 with the determination of income and distributive share of  
18 income under Sections 702 and 704 and subchapter S of the  
19 Internal Revenue Code.

20 For purposes of this subsection, "qualifying expenditures"  
21 means the qualifying expenditures as defined for the federal  
22 credit for increasing research activities which would be  
23 allowable under Section 41 of the Internal Revenue Code and  
24 which are conducted in this State, "qualifying expenditures for  
25 increasing research activities in this State" means the excess  
26 of qualifying expenditures for the taxable year in which

1 incurred over qualifying expenditures for the base period,  
2 "qualifying expenditures for the base period" means the average  
3 of the qualifying expenditures for each year in the base  
4 period, and "base period" means the 3 taxable years immediately  
5 preceding the taxable year for which the determination is being  
6 made.

7 Any credit in excess of the tax liability for the taxable  
8 year may be carried forward. A taxpayer may elect to have the  
9 unused credit shown on its final completed return carried over  
10 as a credit against the tax liability for the following 5  
11 taxable years or until it has been fully used, whichever occurs  
12 first; provided that no credit earned in a tax year ending  
13 prior to December 31, 2003 may be carried forward to any year  
14 ending on or after December 31, 2003.

15 If an unused credit is carried forward to a given year from  
16 2 or more earlier years, that credit arising in the earliest  
17 year will be applied first against the tax liability for the  
18 given year. If a tax liability for the given year still  
19 remains, the credit from the next earliest year will then be  
20 applied, and so on, until all credits have been used or no tax  
21 liability for the given year remains. Any remaining unused  
22 credit or credits then will be carried forward to the next  
23 following year in which a tax liability is incurred, except  
24 that no credit can be carried forward to a year which is more  
25 than 5 years after the year in which the expense for which the  
26 credit is given was incurred.

1           No inference shall be drawn from this amendatory Act of the  
2           91st General Assembly in construing this Section for taxable  
3           years beginning before January 1, 1999.

4           (1) Environmental Remediation Tax Credit.

5           (i) For tax years ending after December 31, 1997 and on  
6           or before December 31, 2001, a taxpayer shall be allowed a  
7           credit against the tax imposed by subsections (a) and (b)  
8           of this Section for certain amounts paid for unreimbursed  
9           eligible remediation costs, as specified in this  
10          subsection. For purposes of this Section, "unreimbursed  
11          eligible remediation costs" means costs approved by the  
12          Illinois Environmental Protection Agency ("Agency") under  
13          Section 58.14 of the Environmental Protection Act that were  
14          paid in performing environmental remediation at a site for  
15          which a No Further Remediation Letter was issued by the  
16          Agency and recorded under Section 58.10 of the  
17          Environmental Protection Act. The credit must be claimed  
18          for the taxable year in which Agency approval of the  
19          eligible remediation costs is granted. The credit is not  
20          available to any taxpayer if the taxpayer or any related  
21          party caused or contributed to, in any material respect, a  
22          release of regulated substances on, in, or under the site  
23          that was identified and addressed by the remedial action  
24          pursuant to the Site Remediation Program of the  
25          Environmental Protection Act. After the Pollution Control  
26          Board rules are adopted pursuant to the Illinois

1 Administrative Procedure Act for the administration and  
2 enforcement of Section 58.9 of the Environmental  
3 Protection Act, determinations as to credit availability  
4 for purposes of this Section shall be made consistent with  
5 those rules. For purposes of this Section, "taxpayer"  
6 includes a person whose tax attributes the taxpayer has  
7 succeeded to under Section 381 of the Internal Revenue Code  
8 and "related party" includes the persons disallowed a  
9 deduction for losses by paragraphs (b), (c), and (f)(1) of  
10 Section 267 of the Internal Revenue Code by virtue of being  
11 a related taxpayer, as well as any of its partners. The  
12 credit allowed against the tax imposed by subsections (a)  
13 and (b) shall be equal to 25% of the unreimbursed eligible  
14 remediation costs in excess of \$100,000 per site, except  
15 that the \$100,000 threshold shall not apply to any site  
16 contained in an enterprise zone as determined by the  
17 Department of Commerce and Community Affairs (now  
18 Department of Commerce and Economic Opportunity). The  
19 total credit allowed shall not exceed \$40,000 per year with  
20 a maximum total of \$150,000 per site. For partners and  
21 shareholders of subchapter S corporations, there shall be  
22 allowed a credit under this subsection to be determined in  
23 accordance with the determination of income and  
24 distributive share of income under Sections 702 and 704 and  
25 subchapter S of the Internal Revenue Code.

26 (ii) A credit allowed under this subsection that is

1 unused in the year the credit is earned may be carried  
2 forward to each of the 5 taxable years following the year  
3 for which the credit is first earned until it is used. The  
4 term "unused credit" does not include any amounts of  
5 unreimbursed eligible remediation costs in excess of the  
6 maximum credit per site authorized under paragraph (i).  
7 This credit shall be applied first to the earliest year for  
8 which there is a liability. If there is a credit under this  
9 subsection from more than one tax year that is available to  
10 offset a liability, the earliest credit arising under this  
11 subsection shall be applied first. A credit allowed under  
12 this subsection may be sold to a buyer as part of a sale of  
13 all or part of the remediation site for which the credit  
14 was granted. The purchaser of a remediation site and the  
15 tax credit shall succeed to the unused credit and remaining  
16 carry-forward period of the seller. To perfect the  
17 transfer, the assignor shall record the transfer in the  
18 chain of title for the site and provide written notice to  
19 the Director of the Illinois Department of Revenue of the  
20 assignor's intent to sell the remediation site and the  
21 amount of the tax credit to be transferred as a portion of  
22 the sale. In no event may a credit be transferred to any  
23 taxpayer if the taxpayer or a related party would not be  
24 eligible under the provisions of subsection (i).

25 (iii) For purposes of this Section, the term "site"  
26 shall have the same meaning as under Section 58.2 of the

1 Environmental Protection Act.

2 (m) Education expense credit. Beginning with tax years  
3 ending after December 31, 1999, a taxpayer who is the custodian  
4 of one or more qualifying pupils shall be allowed a credit  
5 against the tax imposed by subsections (a) and (b) of this  
6 Section for qualified education expenses incurred on behalf of  
7 the qualifying pupils. The credit shall be equal to 25% of  
8 qualified education expenses, but in no event may the total  
9 credit under this subsection claimed by a family that is the  
10 custodian of qualifying pupils exceed \$500. In no event shall a  
11 credit under this subsection reduce the taxpayer's liability  
12 under this Act to less than zero. This subsection is exempt  
13 from the provisions of Section 250 of this Act.

14 For purposes of this subsection:

15 "Qualifying pupils" means individuals who (i) are  
16 residents of the State of Illinois, (ii) are under the age of  
17 21 at the close of the school year for which a credit is  
18 sought, and (iii) during the school year for which a credit is  
19 sought were full-time pupils enrolled in a kindergarten through  
20 twelfth grade education program at any school, as defined in  
21 this subsection.

22 "Qualified education expense" means the amount incurred on  
23 behalf of a qualifying pupil in excess of \$250 for tuition,  
24 book fees, and lab fees at the school in which the pupil is  
25 enrolled during the regular school year.

26 "School" means any public or nonpublic elementary or

1 secondary school in Illinois that is in compliance with Title  
2 VI of the Civil Rights Act of 1964 and attendance at which  
3 satisfies the requirements of Section 26-1 of the School Code,  
4 except that nothing shall be construed to require a child to  
5 attend any particular public or nonpublic school to qualify for  
6 the credit under this Section.

7 "Custodian" means, with respect to qualifying pupils, an  
8 Illinois resident who is a parent, the parents, a legal  
9 guardian, or the legal guardians of the qualifying pupils.

10 (n) River Edge Redevelopment Zone site remediation tax  
11 credit.

12 (i) For tax years ending on or after December 31, 2006,  
13 a taxpayer shall be allowed a credit against the tax  
14 imposed by subsections (a) and (b) of this Section for  
15 certain amounts paid for unreimbursed eligible remediation  
16 costs, as specified in this subsection. For purposes of  
17 this Section, "unreimbursed eligible remediation costs"  
18 means costs approved by the Illinois Environmental  
19 Protection Agency ("Agency") under Section 58.14a of the  
20 Environmental Protection Act that were paid in performing  
21 environmental remediation at a site within a River Edge  
22 Redevelopment Zone for which a No Further Remediation  
23 Letter was issued by the Agency and recorded under Section  
24 58.10 of the Environmental Protection Act. The credit must  
25 be claimed for the taxable year in which Agency approval of  
26 the eligible remediation costs is granted. The credit is

1 not available to any taxpayer if the taxpayer or any  
2 related party caused or contributed to, in any material  
3 respect, a release of regulated substances on, in, or under  
4 the site that was identified and addressed by the remedial  
5 action pursuant to the Site Remediation Program of the  
6 Environmental Protection Act. Determinations as to credit  
7 availability for purposes of this Section shall be made  
8 consistent with rules adopted by the Pollution Control  
9 Board pursuant to the Illinois Administrative Procedure  
10 Act for the administration and enforcement of Section 58.9  
11 of the Environmental Protection Act. For purposes of this  
12 Section, "taxpayer" includes a person whose tax attributes  
13 the taxpayer has succeeded to under Section 381 of the  
14 Internal Revenue Code and "related party" includes the  
15 persons disallowed a deduction for losses by paragraphs  
16 (b), (c), and (f) (1) of Section 267 of the Internal Revenue  
17 Code by virtue of being a related taxpayer, as well as any  
18 of its partners. The credit allowed against the tax imposed  
19 by subsections (a) and (b) shall be equal to 25% of the  
20 unreimbursed eligible remediation costs in excess of  
21 \$100,000 per site.

22 (ii) A credit allowed under this subsection that is  
23 unused in the year the credit is earned may be carried  
24 forward to each of the 5 taxable years following the year  
25 for which the credit is first earned until it is used. This  
26 credit shall be applied first to the earliest year for

1           which there is a liability. If there is a credit under this  
2           subsection from more than one tax year that is available to  
3           offset a liability, the earliest credit arising under this  
4           subsection shall be applied first. A credit allowed under  
5           this subsection may be sold to a buyer as part of a sale of  
6           all or part of the remediation site for which the credit  
7           was granted. The purchaser of a remediation site and the  
8           tax credit shall succeed to the unused credit and remaining  
9           carry-forward period of the seller. To perfect the  
10          transfer, the assignor shall record the transfer in the  
11          chain of title for the site and provide written notice to  
12          the Director of the Illinois Department of Revenue of the  
13          assignor's intent to sell the remediation site and the  
14          amount of the tax credit to be transferred as a portion of  
15          the sale. In no event may a credit be transferred to any  
16          taxpayer if the taxpayer or a related party would not be  
17          eligible under the provisions of subsection (i).

18                 (iii) For purposes of this Section, the term "site"  
19                 shall have the same meaning as under Section 58.2 of the  
20                 Environmental Protection Act.

21                 (Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09;  
22                 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff.  
23                 1-13-11; 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905, eff.  
24                 8-7-12.)

25                 (35 ILCS 5/224 new)

1       Sec. 224. State pension payment credit. For taxable years  
2 beginning on or after January 1, 2014, each taxpayer is  
3 entitled to a credit against the tax imposed by subsections (a)  
4 and (b) of Section 201 in an amount equal to the taxpayer's  
5 Illinois income tax liability for the immediately preceding tax  
6 year multiplied by the State pension payment credit rate  
7 calculated for the applicable class of taxpayers under Section  
8 2505-427 of the Department of Revenue Law of the Civil  
9 Administrative Code of Illinois for the State fiscal year  
10 beginning on July 1 of that immediately preceding taxable year.  
11 If the amount of the credit exceeds the taxpayer's liability  
12 for that year, then the amount of the excess shall be refunded  
13 to the taxpayer.

14       This Section is exempt from the provisions of Section 250  
15 of this Act.

16       Section 20. The Illinois Pension Code is amended by  
17 changing Sections 1-103.3, 2-119, 2-119.01, 2-124, 2-126,  
18 14-107, 14-108, 14-110, 14-131, 14-133, 15-135, 15-136,  
19 15-155, 15-157, 15-165, 16-132, 16-133, 16-133.2, 16-152,  
20 16-158, 16-158.1, 18-124, 18-125, 18-131, and 18-133 and by  
21 adding Section 15-155.1 as follows:

22       (40 ILCS 5/1-103.3)

23       Sec. 1-103.3. Application of 1994 amendment; funding  
24 standard; certification of State contributions paid and

1 proportionate share.

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

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

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

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

1 (40 ILCS 5/2-119) (from Ch. 108 1/2, par. 2-119)  
2 Sec. 2-119. Retirement annuity - conditions for  
3 eligibility.

4 (a) A participant whose service as a member is terminated,  
5 regardless of age or cause, is entitled to a retirement annuity  
6 beginning on the date specified by the participant in a written  
7 application subject to the following conditions:

8 1. The date the annuity begins does not precede the  
9 date of final termination of service, or is not more than  
10 30 days before the receipt of the application by the board  
11 in the case of annuities based on disability or one year  
12 before the receipt of the application in the case of  
13 annuities based on attained age;

14 2. The participant meets one of the following  
15 eligibility requirements:

16 For a participant who first becomes a participant of  
17 this System before January 1, 2011 (the effective date of  
18 Public Act 96-889) and terminates service before the  
19 effective date of this amendatory Act of the 98th General  
20 Assembly:

21 (A) He or she has attained age 55 and has at least  
22 8 years of service credit;

23 (B) He or she has attained age 62 and terminated  
24 service after July 1, 1971 with at least 4 years of  
25 service credit; or

1 (C) He or she has completed 8 years of service and  
2 has become permanently disabled and as a consequence,  
3 is unable to perform the duties of his or her office.

4 For a participant who first becomes a participant of  
5 this System on or after January 1, 2011 (the effective date  
6 of Public Act 96-889) and for any participant who is in  
7 service on or after the effective date of this amendatory  
8 Act of the 98th General Assembly, he or she has attained  
9 age 67 and has at least 8 years of service credit.

10 (a-5) A participant who first becomes a participant of this  
11 System on or after January 1, 2011 (the effective date of  
12 Public Act 96-889) or who is in service on or after the  
13 effective date of this amendatory Act of the 98th General  
14 Assembly, and who has attained age 62 and has at least 8 years  
15 of service credit, may elect to receive the lower retirement  
16 annuity provided in paragraph (c) of Section 2-119.01 of this  
17 Code.

18 (b) A participant shall be considered permanently disabled  
19 only if: (1) disability occurs while in service and is of such  
20 a nature as to prevent him or her from reasonably performing  
21 the duties of his or her office at the time; and (2) the board  
22 has received a written certificate by at least 2 licensed  
23 physicians appointed by the board stating that the member is  
24 disabled and that the disability is likely to be permanent.

25 (c) The changes made to this Section by this amendatory Act  
26 of the 98th General Assembly do not apply to (i) a person not

1 in service on or after that effective date, (ii) a person who  
2 was granted or began receiving a retirement annuity under this  
3 Article before that effective date, or (iii) an annuity granted  
4 because of disability as provided in item 2(C) of subsection  
5 (a).

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

7 (40 ILCS 5/2-119.01) (from Ch. 108 1/2, par. 2-119.01)

8 Sec. 2-119.01. Retirement annuities - Amount.

9 (a) For a participant in service after June 30, 1977 who  
10 has not made contributions to this System after January 1,  
11 1982, the annual retirement annuity is 3% for each of the first  
12 8 years of service, plus 4% for each of the next 4 years of  
13 service, plus 5% for each year of service in excess of 12  
14 years, based on the participant's highest salary for annuity  
15 purposes. The maximum retirement annuity payable shall be 80%  
16 of the participant's highest salary for annuity purposes.

17 (b) For a participant in service after June 30, 1977 who  
18 has made contributions to this System on or after January 1,  
19 1982, the annual retirement annuity is 3% for each of the first  
20 4 years of service, plus 3 1/2% for each of the next 2 years of  
21 service, plus 4% for each of the next 2 years of service, plus  
22 4 1/2% for each of the next 4 years of service, plus 5% for each  
23 year of service in excess of 12 years, of the participant's  
24 highest salary for annuity purposes. The maximum retirement  
25 annuity payable shall be 85% of the participant's highest

1 salary for annuity purposes.

2 (c) Notwithstanding any other provision of this Article,  
3 for a participant who first becomes a participant on or after  
4 January 1, 2011 (the effective date of Public Act 96-889), the  
5 annual retirement annuity is 3% of the participant's highest  
6 salary for annuity purposes for each year of service. The  
7 maximum retirement annuity payable shall be 60% of the  
8 participant's highest salary for annuity purposes.

9 (d) As provided in Section 2-119 ~~Notwithstanding any other~~  
10 ~~provision of this Article,~~ for a participant who first becomes  
11 a participant on or after January 1, 2011 (the effective date  
12 of Public Act 96-889) or who is in service on or after the  
13 effective date of this amendatory Act of the 98th General  
14 Assembly, and who is retiring after attaining age 62 with at  
15 least 8 years of service credit, the retirement annuity shall  
16 be reduced by one-half of 1% for each month that the member's  
17 age is under age 67.

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

19 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

20 Sec. 2-124. Contributions by State.

21 (a) The State shall make contributions to the System by  
22 appropriations of amounts which, together with the  
23 contributions of participants, interest earned on investments,  
24 and other income will meet the cost of maintaining and  
25 administering the System on a 80% ~~90%~~ funded basis in

1 accordance with actuarial recommendations.

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

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

17 For State fiscal years 2014 through 2063, the minimum  
18 contribution to the System to be made by the State for each  
19 fiscal year shall be an amount determined by the System to be  
20 sufficient to bring the total assets of the System up to 80% of  
21 the total actuarial liabilities of the System by the end of  
22 State fiscal year 2063. In making these determinations, the  
23 required State contribution shall be calculated each year as a  
24 level percentage of payroll over the years remaining to and  
25 including fiscal year 2063 and shall be determined under the  
26 projected unit credit actuarial cost method.

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

6           Notwithstanding any other provision of this Article, the  
7 total required State contribution for State fiscal year 2006 is  
8 \$4,157,000.

9           Notwithstanding any other provision of this Article, the  
10 total required State contribution for State fiscal year 2007 is  
11 \$5,220,300.

12           For each of State fiscal years 2008 through 2009, the State  
13 contribution to the System, as a percentage of the applicable  
14 employee payroll, shall be increased in equal annual increments  
15 from the required State contribution for State fiscal year  
16 2007, so that by State fiscal year 2011, the State is  
17 contributing at the rate otherwise required under this Section.

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

1 applicable.

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

13       Beginning in State fiscal year 2064 ~~2046~~, the minimum State  
14 contribution for each fiscal year shall be the amount needed to  
15 maintain the total assets of the System at 80% ~~90%~~ of the total  
16 actuarial liabilities of the System.

17       Amounts received by the System pursuant to Section 25 of  
18 the Budget Stabilization Act or Section 8.12 of the State  
19 Finance Act in any fiscal year do not reduce and do not  
20 constitute payment of any portion of the minimum State  
21 contribution required under this Article in that fiscal year.  
22 Such amounts shall not reduce, and shall not be included in the  
23 calculation of, the required State contributions under this  
24 Article in any future year until the System has reached a  
25 funding ratio of at least 80% ~~90%~~. A reference in this Article  
26 to the "required State contribution" or any substantially

1 similar term does not include or apply to any amounts payable  
2 to the System under Section 25 of the Budget Stabilization Act.

3 Notwithstanding any other provision of this Section, the  
4 required State contribution for State fiscal year 2005 and for  
5 fiscal year 2008 and each fiscal year thereafter, as calculated  
6 under this Section and certified under Section 2-134, shall not  
7 exceed an amount equal to (i) the amount of the required State  
8 contribution that would have been calculated under this Section  
9 for that fiscal year if the System had not received any  
10 payments under subsection (d) of Section 7.2 of the General  
11 Obligation Bond Act, minus (ii) the portion of the State's  
12 total debt service payments for that fiscal year on the bonds  
13 issued in fiscal year 2003 for the purposes of that Section  
14 7.2, as determined and certified by the Comptroller, that is  
15 the same as the System's portion of the total moneys  
16 distributed under subsection (d) of Section 7.2 of the General  
17 Obligation Bond Act. In determining this maximum for State  
18 fiscal years 2008 through 2010, however, the amount referred to  
19 in item (i) shall be increased, as a percentage of the  
20 applicable employee payroll, in equal increments calculated  
21 from the sum of the required State contribution for State  
22 fiscal year 2007 plus the applicable portion of the State's  
23 total debt service payments for fiscal year 2007 on the bonds  
24 issued in fiscal year 2003 for the purposes of Section 7.2 of  
25 the General Obligation Bond Act, so that, by State fiscal year  
26 2011, the State is contributing at the rate otherwise required

1 under this Section.

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

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

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

17 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
18 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.  
19 7-13-12.)

20 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

21 Sec. 2-126. Contributions by participants.

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

1 1959, 5%; for service between January 1, 1959 and June 30,  
2 1969, 6%; for service between July 1, 1969 and January 10,  
3 1973, 6 1/2%; for service after January 10, 1973, 7%; for  
4 service after December 31, 1981, 8 1/2%.

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

10 (1) beginning July 1, 2013 and through June 30, 2014,  
11 0.5% of salary; and

12 (2) beginning July 1, 2014 and through June 30, 2015,  
13 1.0% of salary; and

14 (3) beginning July 1, 2015 and through June 30, 2016,  
15 1.5% of salary; and

16 (4) beginning July 1, 2016 and through June 30, 2017,  
17 2.0% of salary; and

18 (5) beginning July 1, 2017 and through June 30, 2018,  
19 2.5% of salary; and

20 (6) beginning July 1, 2018, 3.0% of salary.

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

24 A participant who has no eligible survivor's annuity  
25 beneficiary may elect to cease making contributions for  
26 survivor's annuity under this subsection. A survivor's annuity

1 shall not be payable upon the death of a person who has made  
2 this election, unless prior to that death the election has been  
3 revoked and the amount of the contributions that would have  
4 been paid under this subsection in the absence of the election  
5 is paid to the System, together with interest at the rate of 4%  
6 per year from the date the contributions would have been made  
7 to the date of payment.

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

13 (d) In addition, each participant serving as an officer of  
14 the General Assembly shall contribute, for the same purposes  
15 and at the same rates as are required of a regular participant,  
16 on each additional payment received as an officer. If the  
17 participant serves as an officer for at least 2 but less than 4  
18 years, he or she shall contribute an amount equal to the amount  
19 that would have been contributed had the participant served as  
20 an officer for 4 years. Persons who serve as officers in the  
21 87th General Assembly but cannot receive the additional payment  
22 to officers because of the ban on increases in salary during  
23 their terms may nonetheless make contributions based on those  
24 additional payments for the purpose of having the additional  
25 payments included in their highest salary for annuity purposes;  
26 however, persons electing to make these additional

1 contributions must also pay an amount representing the  
2 corresponding employer contributions, as calculated by the  
3 System.

4 (e) Notwithstanding any other provision of this Article,  
5 the required contribution of a participant who first becomes a  
6 participant on or after January 1, 2011 shall not exceed the  
7 contribution that would be due under this Article if that  
8 participant's highest salary for annuity purposes were  
9 \$106,800, plus any increases in that amount under Section  
10 2-108.1.

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

12 (40 ILCS 5/14-107) (from Ch. 108 1/2, par. 14-107)

13 Sec. 14-107. Retirement annuity - service and age -  
14 conditions.

15 (a) A member is entitled to a retirement annuity after  
16 having at least 8 years of creditable service.

17 (b) Except as provided in subsection (c): A member who has  
18 at least 35 years of creditable service may claim his or her  
19 retirement annuity at any age. A member having at least 8 years  
20 of creditable service but less than 35 may claim his or her  
21 retirement annuity upon or after attainment of age 60 or,  
22 beginning January 1, 2001, any lesser age which, when added to  
23 the number of years of his or her creditable service, equals at  
24 least 85. A member upon or after attainment of age 55 having at  
25 least 25 years of creditable service (30 years if retirement is

1 before January 1, 2001) may elect to receive the lower  
2 retirement annuity provided in paragraph (c) of Section 14-108  
3 of this Code. For purposes of the rule of 85, portions of years  
4 shall be counted in whole months.

5 (c) Notwithstanding any other provision of this Article,  
6 beginning on the effective date of this amendatory Act of the  
7 98th General Assembly, no person shall be granted a retirement  
8 annuity under this Article without having attained age 67;  
9 except that a member who has attained age 62 and has at least  
10 10 years of service credit and is otherwise eligible may elect  
11 to receive a retirement annuity reduced by one-half of 1% for  
12 each full month that the member's age is under age 67.

13 This limitation does not apply to (i) a person not in  
14 service on or after that effective date, (ii) a person who was  
15 granted or began receiving a retirement annuity under this  
16 Article before that effective date, or (iii) an annuity granted  
17 because of disability. This subsection does not grant or  
18 accelerate eligibility for a retirement annuity for any person  
19 otherwise subject to a more restrictive limit or condition.

20 (d) The allowance shall begin with the first full calendar  
21 month specified in the member's application therefor, the first  
22 day of which shall not be before the date of withdrawal as  
23 approved by the board. Regardless of the date of withdrawal,  
24 the allowance need not begin within one year of application  
25 therefor.

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

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

2 Sec. 14-108. Amount of retirement annuity. A member who has  
3 contributed to the System for at least 12 months shall be  
4 entitled to a prior service annuity for each year of certified  
5 prior service credited to him, except that a member shall  
6 receive 1/3 of the prior service annuity for each year of  
7 service for which contributions have been made and all of such  
8 annuity shall be payable after the member has made  
9 contributions for a period of 3 years. Proportionate amounts  
10 shall be payable for service of less than a full year after  
11 completion of at least 12 months.

12 The total period of service to be considered in  
13 establishing the measure of prior service annuity shall include  
14 service credited in the Teachers' Retirement System of the  
15 State of Illinois and the State Universities Retirement System  
16 for which contributions have been made by the member to such  
17 systems; provided that at least 1 year of the total period of 3  
18 years prescribed for the allowance of a full measure of prior  
19 service annuity shall consist of membership service in this  
20 system for which credit has been granted.

21 (a) In the case of a member who retires on or after January  
22 1, 1998 and is a noncovered employee, the retirement annuity  
23 for membership service and prior service shall be 2.2% of final  
24 average compensation for each year of service. Any service  
25 credit established as a covered employee shall be computed as

1 stated in paragraph (b).

2 (b) In the case of a member who retires on or after January  
3 1, 1998 and is a covered employee, the retirement annuity for  
4 membership service and prior service shall be computed as  
5 stated in paragraph (a) for all service credit established as a  
6 noncovered employee; for service credit established as a  
7 covered employee it shall be 1.67% of final average  
8 compensation for each year of service.

9 (c) For a member retiring after attaining age 55 but before  
10 age 60 with at least 30 but less than 35 years of creditable  
11 service if retirement is before January 1, 2001, or with at  
12 least 25 but less than 30 years of creditable service if  
13 retirement is on or after January 1, 2001 and before the  
14 effective date of this amendatory Act of the 98th General  
15 Assembly, the retirement annuity shall be reduced by 1/2 of 1%  
16 for each month that the member's age is under age 60 at the  
17 time of retirement.

18 For a member retiring after attaining age 62 but before age  
19 67 with at least 10 years of creditable service, if retirement  
20 is on or after the effective date of this amendatory Act of the  
21 98th General Assembly, the retirement annuity shall be  
22 discounted as provided in subsection (c) of Section 14-107.

23 (d) A retirement annuity shall not exceed 75% of final  
24 average compensation, subject to such extension as may result  
25 from the application of Section 14-114 or Section 14-115.

26 (e) The retirement annuity payable to any covered employee

1 who is a member of the System and in service on January 1,  
2 1969, or in service thereafter in 1969 as a result of  
3 legislation enacted by the Illinois General Assembly  
4 transferring the member to State employment from county  
5 employment in a county Department of Public Aid in counties of  
6 3,000,000 or more population, under a plan of coordination with  
7 the Old Age, Survivors and Disability provisions thereof, if  
8 not fully insured for Old Age Insurance payments under the  
9 Federal Old Age, Survivors and Disability Insurance provisions  
10 at the date of acceptance of a retirement annuity, shall not be  
11 less than the amount for which the member would have been  
12 eligible if coordination were not applicable.

13 (f) The retirement annuity payable to any covered employee  
14 who is a member of the System and in service on January 1,  
15 1969, or in service thereafter in 1969 as a result of the  
16 legislation designated in the immediately preceding paragraph,  
17 if fully insured for Old Age Insurance payments under the  
18 Federal Social Security Act at the date of acceptance of a  
19 retirement annuity, shall not be less than an amount which when  
20 added to the Primary Insurance Benefit payable to the member  
21 upon attainment of age 65 under such Federal Act, will equal  
22 the annuity which would otherwise be payable if the coordinated  
23 plan of coverage were not applicable.

24 (g) In the case of a member who is a noncovered employee,  
25 the retirement annuity for membership service as a security  
26 employee of the Department of Corrections or security employee

1 of the Department of Human Services shall be: if retirement  
2 occurs on or after January 1, 2001, 3% of final average  
3 compensation for each year of creditable service; or if  
4 retirement occurs before January 1, 2001, 1.9% of final average  
5 compensation for each of the first 10 years of service, 2.1%  
6 for each of the next 10 years of service, 2.25% for each year  
7 of service in excess of 20 but not exceeding 30, and 2.5% for  
8 each year in excess of 30; except that the annuity may be  
9 calculated under subsection (a) rather than this subsection (g)  
10 if the resulting annuity is greater.

11 (h) In the case of a member who is a covered employee, the  
12 retirement annuity for membership service as a security  
13 employee of the Department of Corrections or security employee  
14 of the Department of Human Services shall be: if retirement  
15 occurs on or after January 1, 2001, 2.5% of final average  
16 compensation for each year of creditable service; if retirement  
17 occurs before January 1, 2001, 1.67% of final average  
18 compensation for each of the first 10 years of service, 1.90%  
19 for each of the next 10 years of service, 2.10% for each year  
20 of service in excess of 20 but not exceeding 30, and 2.30% for  
21 each year in excess of 30.

22 (i) For the purposes of this Section and Section 14-133 of  
23 this Act, the term "security employee of the Department of  
24 Corrections" and the term "security employee of the Department  
25 of Human Services" shall have the meanings ascribed to them in  
26 subsection (c) of Section 14-110.

1           (j) The retirement annuity computed pursuant to paragraphs  
2           (g) or (h) shall be applicable only to those security employees  
3           of the Department of Corrections and security employees of the  
4           Department of Human Services who have at least 20 years of  
5           membership service and who are not eligible for the alternative  
6           retirement annuity provided under Section 14-110. However,  
7           persons transferring to this System under Section 14-108.2 or  
8           14-108.2c who have service credit under Article 16 of this Code  
9           may count such service toward establishing their eligibility  
10          under the 20-year service requirement of this subsection; but  
11          such service may be used only for establishing such  
12          eligibility, and not for the purpose of increasing or  
13          calculating any benefit.

14          (k) (Blank).

15          (l) The changes to this Section made by this amendatory Act  
16          of 1997 (changing certain retirement annuity formulas from a  
17          stepped rate to a flat rate) apply to members who retire on or  
18          after January 1, 1998, without regard to whether employment  
19          terminated before the effective date of this amendatory Act of  
20          1997. An annuity shall not be calculated in steps by using the  
21          new flat rate for some steps and the superseded stepped rate  
22          for other steps of the same type of service.

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

24                 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)

25                 Sec. 14-110. Alternative retirement annuity.

1 (a) Except as provided in subsection (a-5) of this Section:

2 Any member who has withdrawn from service with not less  
3 than 20 years of eligible creditable service and has attained  
4 age 55, and any member who has withdrawn from service with not  
5 less than 25 years of eligible creditable service and has  
6 attained age 50, regardless of whether the attainment of either  
7 of the specified ages occurs while the member is still in  
8 service, shall be entitled to receive at the option of the  
9 member, in lieu of the regular or minimum retirement annuity, a  
10 retirement annuity computed as follows:

11 (i) for periods of service as a noncovered employee: if  
12 retirement occurs on or after January 1, 2001, 3% of final  
13 average compensation for each year of creditable service;  
14 if retirement occurs before January 1, 2001, 2 1/4% of  
15 final average compensation for each of the first 10 years  
16 of creditable service, 2 1/2% for each year above 10 years  
17 to and including 20 years of creditable service, and 2 3/4%  
18 for each year of creditable service above 20 years; and

19 (ii) for periods of eligible creditable service as a  
20 covered employee: if retirement occurs on or after January  
21 1, 2001, 2.5% of final average compensation for each year  
22 of creditable service; if retirement occurs before January  
23 1, 2001, 1.67% of final average compensation for each of  
24 the first 10 years of such service, 1.90% for each of the  
25 next 10 years of such service, 2.10% for each year of such  
26 service in excess of 20 but not exceeding 30, and 2.30% for

1           each year in excess of 30.

2           Such annuity shall be subject to a maximum of 75% of final  
3 average compensation if retirement occurs before January 1,  
4 2001 or to a maximum of 80% of final average compensation if  
5 retirement occurs on or after January 1, 2001.

6           These rates shall not be applicable to any service  
7 performed by a member as a covered employee which is not  
8 eligible creditable service. Service as a covered employee  
9 which is not eligible creditable service shall be subject to  
10 the rates and provisions of Section 14-108.

11           (a-5) Notwithstanding any other provision of this Section,  
12 beginning on the effective date of this amendatory Act of the  
13 98th General Assembly, no person shall be granted a retirement  
14 annuity under this Section without having attained age 67 with  
15 at least 20 years of eligible creditable service; except that a  
16 member who has attained age 62 and has at least 20 years of  
17 eligible creditable service and is otherwise eligible may elect  
18 to receive a retirement annuity under this Section reduced by  
19 one-half of 1% for each full month that the member's age is  
20 under age 67.

21           This limitation does not apply to (i) a person not in  
22 service on or after that effective date, (ii) a person who was  
23 granted or began receiving a retirement annuity under this  
24 Article before that effective date, or (iii) an annuity granted  
25 because of disability. This subsection does not grant or  
26 accelerate eligibility for a retirement annuity for any person

1 otherwise subject to a more restrictive limit or condition.

2 (b) For the purpose of this Section, "eligible creditable  
3 service" means creditable service resulting from service in one  
4 or more of the following positions:

5 (1) State policeman;

6 (2) fire fighter in the fire protection service of a  
7 department;

8 (3) air pilot;

9 (4) special agent;

10 (5) investigator for the Secretary of State;

11 (6) conservation police officer;

12 (7) investigator for the Department of Revenue or the  
13 Illinois Gaming Board;

14 (8) security employee of the Department of Human  
15 Services;

16 (9) Central Management Services security police  
17 officer;

18 (10) security employee of the Department of  
19 Corrections or the Department of Juvenile Justice;

20 (11) dangerous drugs investigator;

21 (12) investigator for the Department of State Police;

22 (13) investigator for the Office of the Attorney  
23 General;

24 (14) controlled substance inspector;

25 (15) investigator for the Office of the State's  
26 Attorneys Appellate Prosecutor;

- 1 (16) Commerce Commission police officer;
- 2 (17) arson investigator;
- 3 (18) State highway maintenance worker.

4 A person employed in one of the positions specified in this  
5 subsection is entitled to eligible creditable service for  
6 service credit earned under this Article while undergoing the  
7 basic police training course approved by the Illinois Law  
8 Enforcement Training Standards Board, if completion of that  
9 training is required of persons serving in that position. For  
10 the purposes of this Code, service during the required basic  
11 police training course shall be deemed performance of the  
12 duties of the specified position, even though the person is not  
13 a sworn peace officer at the time of the training.

14 (c) For the purposes of this Section:

15 (1) The term "state policeman" includes any title or  
16 position in the Department of State Police that is held by  
17 an individual employed under the State Police Act.

18 (2) The term "fire fighter in the fire protection  
19 service of a department" includes all officers in such fire  
20 protection service including fire chiefs and assistant  
21 fire chiefs.

22 (3) The term "air pilot" includes any employee whose  
23 official job description on file in the Department of  
24 Central Management Services, or in the department by which  
25 he is employed if that department is not covered by the  
26 Personnel Code, states that his principal duty is the

1 operation of aircraft, and who possesses a pilot's license;  
2 however, the change in this definition made by this  
3 amendatory Act of 1983 shall not operate to exclude any  
4 noncovered employee who was an "air pilot" for the purposes  
5 of this Section on January 1, 1984.

6 (4) The term "special agent" means any person who by  
7 reason of employment by the Division of Narcotic Control,  
8 the Bureau of Investigation or, after July 1, 1977, the  
9 Division of Criminal Investigation, the Division of  
10 Internal Investigation, the Division of Operations, or any  
11 other Division or organizational entity in the Department  
12 of State Police is vested by law with duties to maintain  
13 public order, investigate violations of the criminal law of  
14 this State, enforce the laws of this State, make arrests  
15 and recover property. The term "special agent" includes any  
16 title or position in the Department of State Police that is  
17 held by an individual employed under the State Police Act.

18 (5) The term "investigator for the Secretary of State"  
19 means any person employed by the Office of the Secretary of  
20 State and vested with such investigative duties as render  
21 him ineligible for coverage under the Social Security Act  
22 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
23 218(1)(1) of that Act.

24 A person who became employed as an investigator for the  
25 Secretary of State between January 1, 1967 and December 31,  
26 1975, and who has served as such until attainment of age

1           60, either continuously or with a single break in service  
2           of not more than 3 years duration, which break terminated  
3           before January 1, 1976, shall be entitled to have his  
4           retirement annuity calculated in accordance with  
5           subsection (a), notwithstanding that he has less than 20  
6           years of credit for such service.

7           (6) The term "Conservation Police Officer" means any  
8           person employed by the Division of Law Enforcement of the  
9           Department of Natural Resources and vested with such law  
10          enforcement duties as render him ineligible for coverage  
11          under the Social Security Act by reason of Sections  
12          218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The  
13          term "Conservation Police Officer" includes the positions  
14          of Chief Conservation Police Administrator and Assistant  
15          Conservation Police Administrator.

16          (7) The term "investigator for the Department of  
17          Revenue" means any person employed by the Department of  
18          Revenue and vested with such investigative duties as render  
19          him ineligible for coverage under the Social Security Act  
20          by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and  
21          218(1)(1) of that Act.

22          The term "investigator for the Illinois Gaming Board"  
23          means any person employed as such by the Illinois Gaming  
24          Board and vested with such peace officer duties as render  
25          the person ineligible for coverage under the Social  
26          Security Act by reason of Sections 218(d)(5)(A),

1 218(d)(8)(D), and 218(1)(1) of that Act.

2 (8) The term "security employee of the Department of  
3 Human Services" means any person employed by the Department  
4 of Human Services who (i) is employed at the Chester Mental  
5 Health Center and has daily contact with the residents  
6 thereof, (ii) is employed within a security unit at a  
7 facility operated by the Department and has daily contact  
8 with the residents of the security unit, (iii) is employed  
9 at a facility operated by the Department that includes a  
10 security unit and is regularly scheduled to work at least  
11 50% of his or her working hours within that security unit,  
12 or (iv) is a mental health police officer. "Mental health  
13 police officer" means any person employed by the Department  
14 of Human Services in a position pertaining to the  
15 Department's mental health and developmental disabilities  
16 functions who is vested with such law enforcement duties as  
17 render the person ineligible for coverage under the Social  
18 Security Act by reason of Sections 218(d)(5)(A),  
19 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"  
20 means that portion of a facility that is devoted to the  
21 care, containment, and treatment of persons committed to  
22 the Department of Human Services as sexually violent  
23 persons, persons unfit to stand trial, or persons not  
24 guilty by reason of insanity. With respect to past  
25 employment, references to the Department of Human Services  
26 include its predecessor, the Department of Mental Health

1 and Developmental Disabilities.

2 The changes made to this subdivision (c)(8) by Public  
3 Act 92-14 apply to persons who retire on or after January  
4 1, 2001, notwithstanding Section 1-103.1.

5 (9) "Central Management Services security police  
6 officer" means any person employed by the Department of  
7 Central Management Services who is vested with such law  
8 enforcement duties as render him ineligible for coverage  
9 under the Social Security Act by reason of Sections  
10 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

11 (10) For a member who first became an employee under  
12 this Article before July 1, 2005, the term "security  
13 employee of the Department of Corrections or the Department  
14 of Juvenile Justice" means any employee of the Department  
15 of Corrections or the Department of Juvenile Justice or the  
16 former Department of Personnel, and any member or employee  
17 of the Prisoner Review Board, who has daily contact with  
18 inmates or youth by working within a correctional facility  
19 or Juvenile facility operated by the Department of Juvenile  
20 Justice or who is a parole officer or an employee who has  
21 direct contact with committed persons in the performance of  
22 his or her job duties. For a member who first becomes an  
23 employee under this Article on or after July 1, 2005, the  
24 term means an employee of the Department of Corrections or  
25 the Department of Juvenile Justice who is any of the  
26 following: (i) officially headquartered at a correctional

1 facility or Juvenile facility operated by the Department of  
2 Juvenile Justice, (ii) a parole officer, (iii) a member of  
3 the apprehension unit, (iv) a member of the intelligence  
4 unit, (v) a member of the sort team, or (vi) an  
5 investigator.

6 (11) The term "dangerous drugs investigator" means any  
7 person who is employed as such by the Department of Human  
8 Services.

9 (12) The term "investigator for the Department of State  
10 Police" means a person employed by the Department of State  
11 Police who is vested under Section 4 of the Narcotic  
12 Control Division Abolition Act with such law enforcement  
13 powers as render him ineligible for coverage under the  
14 Social Security Act by reason of Sections 218(d)(5)(A),  
15 218(d)(8)(D) and 218(1)(1) of that Act.

16 (13) "Investigator for the Office of the Attorney  
17 General" means any person who is employed as such by the  
18 Office of the Attorney General and is vested with such  
19 investigative duties as render him ineligible for coverage  
20 under the Social Security Act by reason of Sections  
21 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For  
22 the period before January 1, 1989, the term includes all  
23 persons who were employed as investigators by the Office of  
24 the Attorney General, without regard to social security  
25 status.

26 (14) "Controlled substance inspector" means any person

1 who is employed as such by the Department of Professional  
2 Regulation and is vested with such law enforcement duties  
3 as render him ineligible for coverage under the Social  
4 Security Act by reason of Sections 218(d)(5)(A),  
5 218(d)(8)(D) and 218(1)(1) of that Act. The term  
6 "controlled substance inspector" includes the Program  
7 Executive of Enforcement and the Assistant Program  
8 Executive of Enforcement.

9 (15) The term "investigator for the Office of the  
10 State's Attorneys Appellate Prosecutor" means a person  
11 employed in that capacity on a full time basis under the  
12 authority of Section 7.06 of the State's Attorneys  
13 Appellate Prosecutor's Act.

14 (16) "Commerce Commission police officer" means any  
15 person employed by the Illinois Commerce Commission who is  
16 vested with such law enforcement duties as render him  
17 ineligible for coverage under the Social Security Act by  
18 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and  
19 218(1)(1) of that Act.

20 (17) "Arson investigator" means any person who is  
21 employed as such by the Office of the State Fire Marshal  
22 and is vested with such law enforcement duties as render  
23 the person ineligible for coverage under the Social  
24 Security Act by reason of Sections 218(d)(5)(A),  
25 218(d)(8)(D), and 218(1)(1) of that Act. A person who was  
26 employed as an arson investigator on January 1, 1995 and is

1 no longer in service but not yet receiving a retirement  
2 annuity may convert his or her creditable service for  
3 employment as an arson investigator into eligible  
4 creditable service by paying to the System the difference  
5 between the employee contributions actually paid for that  
6 service and the amounts that would have been contributed if  
7 the applicant were contributing at the rate applicable to  
8 persons with the same social security status earning  
9 eligible creditable service on the date of application.

10 (18) The term "State highway maintenance worker" means  
11 a person who is either of the following:

12 (i) A person employed on a full-time basis by the  
13 Illinois Department of Transportation in the position  
14 of highway maintainer, highway maintenance lead  
15 worker, highway maintenance lead/lead worker, heavy  
16 construction equipment operator, power shovel  
17 operator, or bridge mechanic; and whose principal  
18 responsibility is to perform, on the roadway, the  
19 actual maintenance necessary to keep the highways that  
20 form a part of the State highway system in serviceable  
21 condition for vehicular traffic.

22 (ii) A person employed on a full-time basis by the  
23 Illinois State Toll Highway Authority in the position  
24 of equipment operator/laborer H-4, equipment  
25 operator/laborer H-6, welder H-4, welder H-6,  
26 mechanical/electrical H-4, mechanical/electrical H-6,

1 water/sewer H-4, water/sewer H-6, sign maker/hanger  
2 H-4, sign maker/hanger H-6, roadway lighting H-4,  
3 roadway lighting H-6, structural H-4, structural H-6,  
4 painter H-4, or painter H-6; and whose principal  
5 responsibility is to perform, on the roadway, the  
6 actual maintenance necessary to keep the Authority's  
7 tollways in serviceable condition for vehicular  
8 traffic.

9 (d) Beginning on the effective date of this amendatory Act  
10 of the 98th General Assembly, this subsection (d) is subject to  
11 the requirements imposed by subsection (a-5) of this Section.

12 A security employee of the Department of Corrections or the  
13 Department of Juvenile Justice, and a security employee of the  
14 Department of Human Services who is not a mental health police  
15 officer, shall not be eligible for the alternative retirement  
16 annuity provided by this Section unless he or she meets the  
17 following minimum age and service requirements at the time of  
18 retirement:

19 (i) 25 years of eligible creditable service and age 55;

20 or

21 (ii) beginning January 1, 1987, 25 years of eligible  
22 creditable service and age 54, or 24 years of eligible  
23 creditable service and age 55; or

24 (iii) beginning January 1, 1988, 25 years of eligible  
25 creditable service and age 53, or 23 years of eligible  
26 creditable service and age 55; or

1 (iv) beginning January 1, 1989, 25 years of eligible  
2 creditable service and age 52, or 22 years of eligible  
3 creditable service and age 55; or

4 (v) beginning January 1, 1990, 25 years of eligible  
5 creditable service and age 51, or 21 years of eligible  
6 creditable service and age 55; or

7 (vi) beginning January 1, 1991, 25 years of eligible  
8 creditable service and age 50, or 20 years of eligible  
9 creditable service and age 55.

10 Persons who have service credit under Article 16 of this  
11 Code for service as a security employee of the Department of  
12 Corrections or the Department of Juvenile Justice, or the  
13 Department of Human Services in a position requiring  
14 certification as a teacher may count such service toward  
15 establishing their eligibility under the service requirements  
16 of this Section; but such service may be used only for  
17 establishing such eligibility, and not for the purpose of  
18 increasing or calculating any benefit.

19 (e) If a member enters military service while working in a  
20 position in which eligible creditable service may be earned,  
21 and returns to State service in the same or another such  
22 position, and fulfills in all other respects the conditions  
23 prescribed in this Article for credit for military service,  
24 such military service shall be credited as eligible creditable  
25 service for the purposes of the retirement annuity prescribed  
26 in this Section.

1           (f) For purposes of calculating retirement annuities under  
2 this Section, periods of service rendered after December 31,  
3 1968 and before October 1, 1975 as a covered employee in the  
4 position of special agent, conservation police officer, mental  
5 health police officer, or investigator for the Secretary of  
6 State, shall be deemed to have been service as a noncovered  
7 employee, provided that the employee pays to the System prior  
8 to retirement an amount equal to (1) the difference between the  
9 employee contributions that would have been required for such  
10 service as a noncovered employee, and the amount of employee  
11 contributions actually paid, plus (2) if payment is made after  
12 July 31, 1987, regular interest on the amount specified in item  
13 (1) from the date of service to the date of payment.

14           For purposes of calculating retirement annuities under  
15 this Section, periods of service rendered after December 31,  
16 1968 and before January 1, 1982 as a covered employee in the  
17 position of investigator for the Department of Revenue shall be  
18 deemed to have been service as a noncovered employee, provided  
19 that the employee pays to the System prior to retirement an  
20 amount equal to (1) the difference between the employee  
21 contributions that would have been required for such service as  
22 a noncovered employee, and the amount of employee contributions  
23 actually paid, plus (2) if payment is made after January 1,  
24 1990, regular interest on the amount specified in item (1) from  
25 the date of service to the date of payment.

26           (g) A State policeman may elect, not later than January 1,

1 1990, to establish eligible creditable service for up to 10  
2 years of his service as a policeman under Article 3, by filing  
3 a written election with the Board, accompanied by payment of an  
4 amount to be determined by the Board, equal to (i) the  
5 difference between the amount of employee and employer  
6 contributions transferred to the System under Section 3-110.5,  
7 and the amounts that would have been contributed had such  
8 contributions been made at the rates applicable to State  
9 policemen, plus (ii) interest thereon at the effective rate for  
10 each year, compounded annually, from the date of service to the  
11 date of payment.

12 Subject to the limitation in subsection (i), a State  
13 policeman may elect, not later than July 1, 1993, to establish  
14 eligible creditable service for up to 10 years of his service  
15 as a member of the County Police Department under Article 9, by  
16 filing a written election with the Board, accompanied by  
17 payment of an amount to be determined by the Board, equal to  
18 (i) the difference between the amount of employee and employer  
19 contributions transferred to the System under Section 9-121.10  
20 and the amounts that would have been contributed had those  
21 contributions been made at the rates applicable to State  
22 policemen, plus (ii) interest thereon at the effective rate for  
23 each year, compounded annually, from the date of service to the  
24 date of payment.

25 (h) Subject to the limitation in subsection (i), a State  
26 policeman or investigator for the Secretary of State may elect

1 to establish eligible creditable service for up to 12 years of  
2 his service as a policeman under Article 5, by filing a written  
3 election with the Board on or before January 31, 1992, and  
4 paying to the System by January 31, 1994 an amount to be  
5 determined by the Board, equal to (i) the difference between  
6 the amount of employee and employer contributions transferred  
7 to the System under Section 5-236, and the amounts that would  
8 have been contributed had such contributions been made at the  
9 rates applicable to State policemen, plus (ii) interest thereon  
10 at the effective rate for each year, compounded annually, from  
11 the date of service to the date of payment.

12 Subject to the limitation in subsection (i), a State  
13 policeman, conservation police officer, or investigator for  
14 the Secretary of State may elect to establish eligible  
15 creditable service for up to 10 years of service as a sheriff's  
16 law enforcement employee under Article 7, by filing a written  
17 election with the Board on or before January 31, 1993, and  
18 paying to the System by January 31, 1994 an amount to be  
19 determined by the Board, equal to (i) the difference between  
20 the amount of employee and employer contributions transferred  
21 to the System under Section 7-139.7, and the amounts that would  
22 have been contributed had such contributions been made at the  
23 rates applicable to State policemen, plus (ii) interest thereon  
24 at the effective rate for each year, compounded annually, from  
25 the date of service to the date of payment.

26 Subject to the limitation in subsection (i), a State

1 policeman, conservation police officer, or investigator for  
2 the Secretary of State may elect to establish eligible  
3 creditable service for up to 5 years of service as a police  
4 officer under Article 3, a policeman under Article 5, a  
5 sheriff's law enforcement employee under Article 7, a member of  
6 the county police department under Article 9, or a police  
7 officer under Article 15 by filing a written election with the  
8 Board and paying to the System an amount to be determined by  
9 the Board, equal to (i) the difference between the amount of  
10 employee and employer contributions transferred to the System  
11 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4  
12 and the amounts that would have been contributed had such  
13 contributions been made at the rates applicable to State  
14 policemen, plus (ii) interest thereon at the effective rate for  
15 each year, compounded annually, from the date of service to the  
16 date of payment.

17 Subject to the limitation in subsection (i), an  
18 investigator for the Office of the Attorney General, or an  
19 investigator for the Department of Revenue, may elect to  
20 establish eligible creditable service for up to 5 years of  
21 service as a police officer under Article 3, a policeman under  
22 Article 5, a sheriff's law enforcement employee under Article  
23 7, or a member of the county police department under Article 9  
24 by filing a written election with the Board within 6 months  
25 after August 25, 2009 (the effective date of Public Act 96-745)  
26 and paying to the System an amount to be determined by the

1 Board, equal to (i) the difference between the amount of  
2 employee and employer contributions transferred to the System  
3 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the  
4 amounts that would have been contributed had such contributions  
5 been made at the rates applicable to State policemen, plus (ii)  
6 interest thereon at the actuarially assumed rate for each year,  
7 compounded annually, from the date of service to the date of  
8 payment.

9 Subject to the limitation in subsection (i), a State  
10 policeman, conservation police officer, investigator for the  
11 Office of the Attorney General, an investigator for the  
12 Department of Revenue, or investigator for the Secretary of  
13 State may elect to establish eligible creditable service for up  
14 to 5 years of service as a person employed by a participating  
15 municipality to perform police duties, or law enforcement  
16 officer employed on a full-time basis by a forest preserve  
17 district under Article 7, a county corrections officer, or a  
18 court services officer under Article 9, by filing a written  
19 election with the Board within 6 months after August 25, 2009  
20 (the effective date of Public Act 96-745) and paying to the  
21 System an amount to be determined by the Board, equal to (i)  
22 the difference between the amount of employee and employer  
23 contributions transferred to the System under Sections 7-139.8  
24 and 9-121.10 and the amounts that would have been contributed  
25 had such contributions been made at the rates applicable to  
26 State policemen, plus (ii) interest thereon at the actuarially

1 assumed rate for each year, compounded annually, from the date  
2 of service to the date of payment.

3 (i) The total amount of eligible creditable service  
4 established by any person under subsections (g), (h), (j), (k),  
5 and (l) of this Section shall not exceed 12 years.

6 (j) Subject to the limitation in subsection (i), an  
7 investigator for the Office of the State's Attorneys Appellate  
8 Prosecutor or a controlled substance inspector may elect to  
9 establish eligible creditable service for up to 10 years of his  
10 service as a policeman under Article 3 or a sheriff's law  
11 enforcement employee under Article 7, by filing a written  
12 election with the Board, accompanied by payment of an amount to  
13 be determined by the Board, equal to (1) the difference between  
14 the amount of employee and employer contributions transferred  
15 to the System under Section 3-110.6 or 7-139.8, and the amounts  
16 that would have been contributed had such contributions been  
17 made at the rates applicable to State policemen, plus (2)  
18 interest thereon at the effective rate for each year,  
19 compounded annually, from the date of service to the date of  
20 payment.

21 (k) Subject to the limitation in subsection (i) of this  
22 Section, an alternative formula employee may elect to establish  
23 eligible creditable service for periods spent as a full-time  
24 law enforcement officer or full-time corrections officer  
25 employed by the federal government or by a state or local  
26 government located outside of Illinois, for which credit is not

1 held in any other public employee pension fund or retirement  
2 system. To obtain this credit, the applicant must file a  
3 written application with the Board by March 31, 1998,  
4 accompanied by evidence of eligibility acceptable to the Board  
5 and payment of an amount to be determined by the Board, equal  
6 to (1) employee contributions for the credit being established,  
7 based upon the applicant's salary on the first day as an  
8 alternative formula employee after the employment for which  
9 credit is being established and the rates then applicable to  
10 alternative formula employees, plus (2) an amount determined by  
11 the Board to be the employer's normal cost of the benefits  
12 accrued for the credit being established, plus (3) regular  
13 interest on the amounts in items (1) and (2) from the first day  
14 as an alternative formula employee after the employment for  
15 which credit is being established to the date of payment.

16 (1) Subject to the limitation in subsection (i), a security  
17 employee of the Department of Corrections may elect, not later  
18 than July 1, 1998, to establish eligible creditable service for  
19 up to 10 years of his or her service as a policeman under  
20 Article 3, by filing a written election with the Board,  
21 accompanied by payment of an amount to be determined by the  
22 Board, equal to (i) the difference between the amount of  
23 employee and employer contributions transferred to the System  
24 under Section 3-110.5, and the amounts that would have been  
25 contributed had such contributions been made at the rates  
26 applicable to security employees of the Department of

1 Corrections, plus (ii) interest thereon at the effective rate  
2 for each year, compounded annually, from the date of service to  
3 the date of payment.

4 (m) The amendatory changes to this Section made by this  
5 amendatory Act of the 94th General Assembly apply only to: (1)  
6 security employees of the Department of Juvenile Justice  
7 employed by the Department of Corrections before the effective  
8 date of this amendatory Act of the 94th General Assembly and  
9 transferred to the Department of Juvenile Justice by this  
10 amendatory Act of the 94th General Assembly; and (2) persons  
11 employed by the Department of Juvenile Justice on or after the  
12 effective date of this amendatory Act of the 94th General  
13 Assembly who are required by subsection (b) of Section 3-2.5-15  
14 of the Unified Code of Corrections to have a bachelor's or  
15 advanced degree from an accredited college or university with a  
16 specialization in criminal justice, education, psychology,  
17 social work, or a closely related social science or, in the  
18 case of persons who provide vocational training, who are  
19 required to have adequate knowledge in the skill for which they  
20 are providing the vocational training.

21 (n) A person employed in a position under subsection (b) of  
22 this Section who has purchased service credit under subsection  
23 (j) of Section 14-104 or subsection (b) of Section 14-105 in  
24 any other capacity under this Article may convert up to 5 years  
25 of that service credit into service credit covered under this  
26 Section by paying to the Fund an amount equal to (1) the

1 additional employee contribution required under Section  
2 14-133, plus (2) the additional employer contribution required  
3 under Section 14-131, plus (3) interest on items (1) and (2) at  
4 the actuarially assumed rate from the date of the service to  
5 the date of payment.

6 (Source: P.A. 95-530, eff. 8-28-07; 95-1036, eff. 2-17-09;  
7 96-37, eff. 7-13-09; 96-745, eff. 8-25-09; 96-1000, eff.  
8 7-2-10.)

9 (40 ILCS 5/14-131)

10 Sec. 14-131. Contributions by State.

11 (a) The State shall make contributions to the System by  
12 appropriations of amounts which, together with other employer  
13 contributions from trust, federal, and other funds, employee  
14 contributions, investment income, and other income, will be  
15 sufficient to meet the cost of maintaining and administering  
16 the System on a 80% ~~90%~~ funded basis in accordance with  
17 actuarial recommendations.

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

23 (b) The Board shall determine the total amount of State  
24 contributions required for each fiscal year on the basis of the  
25 actuarial tables and other assumptions adopted by the Board,

1 using the formula in subsection (e).

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

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

20 (c) Contributions shall be made by the several departments  
21 for each pay period by warrants drawn by the State Comptroller  
22 against their respective funds or appropriations based upon  
23 vouchers stating the amount to be so contributed. These amounts  
24 shall be based on the full rate certified by the Board under  
25 Section 14-135.08 for that fiscal year. From the effective date  
26 of this amendatory Act of the 93rd General Assembly through the

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

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

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

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

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

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

20 For State fiscal years 2014 through 2063, the minimum  
21 contribution to the System to be made by the State for each  
22 fiscal year shall be an amount determined by the System to be  
23 sufficient to bring the total assets of the System up to 80% of  
24 the total actuarial liabilities of the System by the end of  
25 State fiscal year 2063. In making these determinations, the  
26 required State contribution shall be calculated each year as a

1 level percentage of payroll over the years remaining to and  
2 including fiscal year 2063 and shall be determined under the  
3 projected unit credit actuarial cost method.

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

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

26 Notwithstanding any other provision of this Article, the

1 total required State contribution to the System for State  
2 fiscal year 2007 is \$344,164,400.

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

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

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

1 any amounts received from the General Revenue Fund in fiscal  
2 year 2011, and (iii) any reduction in bond proceeds due to the  
3 issuance of discounted bonds, if applicable.

4 Beginning in State fiscal year 2064 ~~2046~~, the minimum State  
5 contribution for each fiscal year shall be the amount needed to  
6 maintain the total assets of the System at 80% ~~90%~~ of the total  
7 actuarial liabilities of the System.

8 Amounts received by the System pursuant to Section 25 of  
9 the Budget Stabilization Act or Section 8.12 of the State  
10 Finance Act in any fiscal year do not reduce and do not  
11 constitute payment of any portion of the minimum State  
12 contribution required under this Article in that fiscal year.  
13 Such amounts shall not reduce, and shall not be included in the  
14 calculation of, the required State contributions under this  
15 Article in any future year until the System has reached a  
16 funding ratio of at least 80% ~~90%~~. A reference in this Article  
17 to the "required State contribution" or any substantially  
18 similar term does not include or apply to any amounts payable  
19 to the System under Section 25 of the Budget Stabilization Act.

20 Notwithstanding any other provision of this Section, the  
21 required State contribution for State fiscal year 2005 and for  
22 fiscal year 2008 and each fiscal year thereafter, as calculated  
23 under this Section and certified under Section 14-135.08, shall  
24 not exceed an amount equal to (i) the amount of the required  
25 State contribution that would have been calculated under this  
26 Section for that fiscal year if the System had not received any

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

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

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

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

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

1 5-year period following that fiscal year.

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

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

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

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

26 (k) For fiscal years 2012 and 2013 only, after the

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

21 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;  
22 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.  
23 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,  
24 eff. 6-30-12.)

25 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

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

8           (2) Noncovered employees, except as indicated below,  
9 7% for retirement annuity and 1% for a widow or survivors  
10 annuity;

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

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

23           (5) Each security employee of the Department of  
24 Corrections or of the Department of Human Services who is a  
25 covered employee, 0.5% for a widow or survivors annuity  
26 plus the following amount for retirement annuity: 5%

1 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%  
2 in 2004 and thereafter;

3 (6) Each security employee of the Department of  
4 Corrections or of the Department of Human Services who is  
5 not a covered employee, 1% for a widow or survivors annuity  
6 plus the following amount for retirement annuity: 8.5%  
7 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and  
8 11.5% in 2004 and thereafter.

9 (a-5) In addition to the contributions otherwise required  
10 under this Article, each participating employee shall also make  
11 the following contributions toward the cost of his or her  
12 retirement annuity from each payment of compensation received  
13 by him or her for service as a member:

14 (1) beginning July 1, 2013 and through June 30, 2014,  
15 0.5% of compensation; and

16 (2) beginning July 1, 2014 and through June 30, 2015,  
17 1.0% of compensation; and

18 (3) beginning July 1, 2015 and through June 30, 2016,  
19 1.5% of compensation; and

20 (4) beginning July 1, 2016 and through June 30, 2017,  
21 2.0% of compensation; and

22 (5) beginning July 1, 2017 and through June 30, 2018,  
23 2.5% of compensation; and

24 (6) beginning July 1, 2018, 3.0% of compensation.

25 (b) Contributions shall be in the form of a deduction from  
26 compensation and shall be made notwithstanding that the

1 compensation paid in cash to the employee shall be reduced  
2 thereby below the minimum prescribed by law or regulation. Each  
3 member is deemed to consent and agree to the deductions from  
4 compensation provided for in this Article, and shall receipt in  
5 full for salary or compensation.

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

7 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

8 Sec. 15-135. Retirement annuities - Conditions.

9 (a) Except as provided in subsection (a-5):

10 A participant who retires in one of the following specified  
11 years with the specified amount of service is entitled to a  
12 retirement annuity at any age under the retirement program  
13 applicable to the participant:

14 35 years if retirement is in 1997 or before;

15 34 years if retirement is in 1998;

16 33 years if retirement is in 1999;

17 32 years if retirement is in 2000;

18 31 years if retirement is in 2001;

19 30 years if retirement is in 2002 or later.

20 A participant with 8 or more years of service after  
21 September 1, 1941, is entitled to a retirement annuity on or  
22 after attainment of age 55.

23 A participant with at least 5 but less than 8 years of  
24 service after September 1, 1941, is entitled to a retirement  
25 annuity on or after attainment of age 62.

1           A participant who has at least 25 years of service in this  
2 system as a police officer or firefighter is entitled to a  
3 retirement annuity on or after the attainment of age 50, if  
4 Rule 4 of Section 15-136 is applicable to the participant.

5           (c) Notwithstanding any other provision of this Article,  
6 beginning on the effective date of this amendatory Act of the  
7 98th General Assembly, no person shall be granted a retirement  
8 annuity under this Article without having attained age 67;  
9 except that a member who has attained age 62 and has at least  
10 10 years of service credit and is otherwise eligible may elect  
11 to receive a retirement annuity reduced by one-half of 1% for  
12 each full month that the member's age is under age 67.

13           This limitation does not apply to (i) a person not in  
14 service on or after that effective date, (ii) a person who was  
15 granted or began receiving a retirement annuity under this  
16 Article before that effective date, or (iii) an annuity granted  
17 because of disability. This subsection does not grant or  
18 accelerate eligibility for a retirement annuity for any person  
19 otherwise subject to a more restrictive limit or condition.

20           (b) The annuity payment period shall begin on the date  
21 specified by the participant or the recipient of a disability  
22 retirement annuity submitting a written application, which  
23 date shall not be prior to termination of employment or more  
24 than one year before the application is received by the board;  
25 however, if the participant is not an employee of an employer  
26 participating in this System or in a participating system as

1 defined in Article 20 of this Code on April 1 of the calendar  
2 year next following the calendar year in which the participant  
3 attains age 70 1/2, the annuity payment period shall begin on  
4 that date regardless of whether an application has been filed.

5 (c) An annuity is not payable if the amount provided under  
6 Section 15-136 is less than \$10 per month.

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

8 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

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

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

25 Rule 2: The retirement annuity shall be the sum of the

1 following, determined from amounts credited to the participant  
2 in accordance with the actuarial tables and the effective rate  
3 of interest in effect at the time the retirement annuity  
4 begins:

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

8 (ii) an annuity from employer contributions of an  
9 amount equal to that which can be provided on an  
10 actuarially equivalent basis from the accumulated normal  
11 contributions made by the participant under Section  
12 15-113.6 and Section 15-113.7 plus 1.4 times all other  
13 accumulated normal contributions made by the participant;  
14 and

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

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

24 The amount of a retirement annuity calculated under this  
25 Rule 2 shall be computed solely on the basis of the  
26 participant's accumulated normal contributions, as specified

1 in this Rule and defined in Section 15-116. Neither an employee  
2 or employer contribution for early retirement under Section  
3 15-136.2 nor any other employer contribution shall be used in  
4 the calculation of the amount of a retirement annuity under  
5 this Rule 2.

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

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

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

1 election under Section 15-154(a-1) shall be calculated and  
2 payable under the portable retirement benefit program pursuant  
3 to the provisions of Section 15-136.4.

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

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

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

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

1 officer or firefighter, from the date of that transfer  
2 until the employee's next termination of service with the  
3 University of Illinois.

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

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

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

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

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

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

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

21 The amount of a retirement annuity calculated under this  
22 Rule 5 shall be computed solely on the basis of those  
23 contributions specifically set forth in this Rule 5. Except as  
24 provided in clause (iii) of this Rule 5, neither an employee  
25 nor employer contribution for early retirement under Section  
26 15-136.2, nor any other employer contribution, shall be used in

1 the calculation of the amount of a retirement annuity under  
2 this Rule 5.

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

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

17 (b) For persons not in service on or after the effective  
18 date of this amendatory Act of the 98th General Assembly and  
19 not subject to Section 1-160:

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

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

1 (6) of Section 15-152;

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

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

11 For a person in service on or after the effective date of  
12 this amendatory Act of the 98th General Assembly who retires  
13 after attaining age 62 but before age 67 and with at least 10  
14 years of creditable service, the retirement annuity shall be  
15 discounted as provided in subsection (c) of Section 15-135.

16 (c) The maximum retirement annuity provided under Rules 1,  
17 2, 4, and 5 shall be the lesser of (1) the annual limit of  
18 benefits as specified in Section 415 of the Internal Revenue  
19 Code of 1986, as such Section may be amended from time to time  
20 and as such benefit limits shall be adjusted by the  
21 Commissioner of Internal Revenue, and (2) 80% of final rate of  
22 earnings.

23 (d)

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

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

15           The annuitant shall receive an increase in his or her  
16 monthly retirement annuity on each January 1 thereafter during  
17 the annuitant's life of 3% of the monthly annuity provided  
18 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in  
19 this Section. The change made under this subsection by P.A.  
20 81-970 is effective January 1, 1980 and applies to each  
21 annuitant whose status as an employee terminates before or  
22 after that date.

23           Beginning January 1, 1990, all automatic annual increases  
24 payable under this Section shall be calculated as a percentage  
25 of the total annuity payable at the time of the increase,  
26 including all increases previously granted under this Article.

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

4           (e) If, on January 1, 1987, or the date the retirement  
5 annuity payment period begins, whichever is later, the sum of  
6 the retirement annuity provided under Rule 1 or Rule 2 of this  
7 Section and the automatic annual increases provided under the  
8 preceding subsection or Section 15-136.1, amounts to less than  
9 the retirement annuity which would be provided by Rule 3, the  
10 retirement annuity shall be increased as of January 1, 1987, or  
11 the date the retirement annuity payment period begins,  
12 whichever is later, to the amount which would be provided by  
13 Rule 3 of this Section. Such increased amount shall be  
14 considered as the retirement annuity in determining benefits  
15 provided under other Sections of this Article. This paragraph  
16 applies without regard to whether status as an employee  
17 terminated before the effective date of this amendatory Act of  
18 1987, provided that the annuitant was employed at least  
19 one-half time during the period on which the final rate of  
20 earnings was based.

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

1 amount of such additional annuity.

2 (g) If, (1) by law, a function of a governmental unit, as  
3 defined by Section 20-107 of this Code, is transferred in whole  
4 or in part to an employer, and (2) a participant transfers  
5 employment from such governmental unit to such employer within  
6 6 months after the transfer of the function, and (3) the sum of  
7 (A) the annuity payable to the participant under Rule 1, 2, or  
8 3 of this Section (B) all proportional annuities payable to the  
9 participant by all other retirement systems covered by Article  
10 20, and (C) the initial primary insurance amount to which the  
11 participant is entitled under the Social Security Act, is less  
12 than the retirement annuity which would have been payable if  
13 all of the participant's pension credits validated under  
14 Section 20-109 had been validated under this system, a  
15 supplemental annuity equal to the difference in such amounts  
16 shall be payable to the participant.

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

25 (i) On January 1, 1987, any annuitant whose retirement  
26 annuity began on or before January 1, 1977, shall have the

1 monthly retirement annuity increased by an amount equal to 8¢  
2 per year of creditable service times the number of years that  
3 have elapsed since the annuity began.

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

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

6 Sec. 15-155. Employer contributions.

7 (a) The State of Illinois shall make contributions by  
8 appropriations of amounts which, together with the ~~other~~  
9 employer contributions ~~from trust, federal, and other funds,~~  
10 employee contributions, income from investments, and other  
11 income of this System, will be sufficient to meet the cost of  
12 maintaining and administering the System on a 80% ~~90%~~ funded  
13 basis in accordance with actuarial recommendations by the end  
14 of State fiscal year 2063.

15 Beginning with State fiscal year 2014, the State's required  
16 contributions to the System under subsection (a-1) shall be  
17 limited to the amounts required to amortize the total cost of  
18 the benefits of the System arising before July 1, 2013. The  
19 State shall also pay any employer contributions required from  
20 the State as the actual employer of participants under this  
21 Article and any contribution required under subsection (a-20).

22 The Board shall determine the amount of State and employer  
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 recommendations of the actuary, using the formulas provided

1 in this Section formula in subsection (a-1).

2 (a-1) For State fiscal years 2014 through 2063, the minimum  
3 contribution to the System to be made by the State under this  
4 subsection (a-1) for each fiscal year shall be an amount  
5 determined by the Board to be sufficient to amortize the  
6 unfunded accrued liability that is attributable to benefits  
7 that accrued before July 1, 2013 as a level percentage of  
8 payroll over the years remaining to and including fiscal year  
9 2063, determined under the projected unit credit actuarial cost  
10 method.

11 For State fiscal year 2064 and thereafter, the minimum  
12 contribution to the System to be made by the State under this  
13 subsection (a-1) for each fiscal year shall be an amount  
14 determined by the Board to be sufficient to amortize, over a  
15 30-year rolling amortization period, any unfunded liability  
16 arising on or after July 1, 2063 that is attributable to  
17 benefits that accrued before July 1, 2013.

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

1 projected unit credit actuarial cost method.

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

7 Notwithstanding any other provision of this Article, the  
8 total required State contribution for State fiscal year 2006 is  
9 \$166,641,900.

10 Notwithstanding any other provision of this Article, the  
11 total required State contribution for State fiscal year 2007 is  
12 \$252,064,100.

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

19 Notwithstanding any other provision of this Article, the  
20 total required State contribution for State fiscal year 2010 is  
21 \$702,514,000 and shall be made from the State Pensions Fund and  
22 proceeds of bonds sold in fiscal year 2010 pursuant to Section  
23 7.2 of the General Obligation Bond Act, less (i) the pro rata  
24 share of bond sale expenses determined by the System's share of  
25 total bond proceeds, (ii) any amounts received from the General  
26 Revenue Fund in fiscal year 2010, (iii) any reduction in bond

1 proceeds due to the issuance of discounted bonds, if  
2 applicable.

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

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

18 Amounts received by the System pursuant to Section 25 of  
19 the Budget Stabilization Act or Section 8.12 of the State  
20 Finance Act in any fiscal year do not reduce and do not  
21 constitute payment of any portion of the minimum State  
22 contribution required under this Article in that fiscal year.  
23 Such amounts shall not reduce, and shall not be included in the  
24 calculation of, the required State contributions under this  
25 Article in any future year until the System has reached a  
26 funding ratio of at least 80% ~~90%~~. A reference in this Article

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

4 Notwithstanding any other provision of this Section, the  
5 required State contribution for State fiscal year 2005 and for  
6 fiscal year 2008 and each fiscal year thereafter through State  
7 fiscal year 2013, as calculated under this Section and  
8 certified under Section 15-165, shall not exceed an amount  
9 equal to (i) the amount of the required State contribution that  
10 would have been calculated under this Section for that fiscal  
11 year if the System had not received any payments under  
12 subsection (d) of Section 7.2 of the General Obligation Bond  
13 Act, minus (ii) the portion of the State's total debt service  
14 payments for that fiscal year on the bonds issued in fiscal  
15 year 2003 for the purposes of that Section 7.2, as determined  
16 and certified by the Comptroller, that is the same as the  
17 System's portion of the total moneys distributed under  
18 subsection (d) of Section 7.2 of the General Obligation Bond  
19 Act. In determining this maximum for State fiscal years 2008  
20 through 2010, however, the amount referred to in item (i) shall  
21 be increased, as a percentage of the applicable employee  
22 payroll, in equal increments calculated from the sum of the  
23 required State contribution for State fiscal year 2007 plus the  
24 applicable portion of the State's total debt service payments  
25 for fiscal year 2007 on the bonds issued in fiscal year 2003  
26 for the purposes of Section 7.2 of the General Obligation Bond

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

3 (a-10) Subject to the limitations provided in subsection  
4 (a-15), beginning with State fiscal year 2014, the minimum  
5 required contribution of each employer under this Article shall  
6 be sufficient to produce an annual amount equal to:

7 (i) that employer's normal cost for that fiscal year;  
8 plus

9 (ii) the amount required for that fiscal year to  
10 amortize that employer's portion of the unfunded accrued  
11 liability associated with the cost of benefits accrued on  
12 or after July 1, 2013 as a level percentage of payroll over  
13 a 30-year rolling amortization period, as determined for  
14 each employer by the Board.

15 Each employer under this Article shall make these  
16 contributions in the amounts determined and the manner  
17 prescribed from time to time by the Board.

18 (a-15) The System shall determine the employer's normal  
19 cost under item (i) of subsection (a-10) as a percentage of  
20 projected payroll applicable to all employers, based on  
21 actuarial assumptions applicable to the System as a whole. The  
22 required employer contribution under item (i) in a fiscal year  
23 shall not exceed a percentage of payroll determined by  
24 subtracting 2013 from the applicable fiscal year and  
25 multiplying the result by 0.5%.

26 The System shall determine the employer's portion of the

1 unfunded accrued liability under item (ii) of subsection (a-10)  
2 separately for each employer, as a percentage of that  
3 employer's projected payroll, based on the liabilities  
4 attributable to that employer arising on or after July 1, 2013  
5 and the actuarial assumptions applicable to the System as a  
6 whole.

7 For use in determining the employer's contribution for  
8 unfunded accrued liability under item (ii), the System shall  
9 maintain a separate account for each employer. The separate  
10 account shall be maintained in such form and detail as the  
11 System determines to be appropriate. The separate account shall  
12 reflect the following items to the extent that they are  
13 attributable to that employer and arise on or after July 1,  
14 2013: employer contributions, State contributions under  
15 subsection (a-20), employee contributions, investment returns,  
16 payments of benefits, and that employer's proportionate share  
17 of the System's administrative expenses.

18 In the event that the Board determines that there is a  
19 deficiency or surplus in the account of an employer with  
20 respect to the projected liabilities attributable to that  
21 employer arising on or after July 1, 2013, the Board shall  
22 determine the employer's contribution rate under item (ii) of  
23 subsection (a-10) so as to address that deficiency or surplus  
24 over a reasonable period of time as determined by the Board.

25 (a-20) Beginning in State fiscal year 2014, for any fiscal  
26 year in which (1) the System's normal cost for all employers

1 for that fiscal year exceeds (2) the total contribution  
2 calculated under item (i) of subsection (a-10) for all  
3 employers for that fiscal year, the State shall make an  
4 additional contribution to the System for that fiscal year  
5 equal to the difference.

6 The State contribution under this subsection (a-20) is in  
7 addition to the State contributions required under subsection  
8 (a-1) and any contributions required to be paid by the State as  
9 an employer under subsection (a-10) of this Section.

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

25 (b-1) The City of Urbana and the City of Champaign shall  
26 each make employer contributions to this System for their

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

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

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

1 provided in subsection (g).

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

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

14 (g) If the amount of a participant's earnings for any  
15 academic year used to determine the final rate of earnings,  
16 determined on a full-time equivalent basis, exceeds the amount  
17 of his or her earnings with the same employer for the previous  
18 academic year, determined on a full-time equivalent basis, by  
19 more than 6%, the participant's employer shall pay to the  
20 System, in addition to all other payments required under this  
21 Section and in accordance with guidelines established by the  
22 System, the present value of the increase in benefits resulting  
23 from the portion of the increase in earnings that is in excess  
24 of 6%. This present value shall be computed by the System on  
25 the basis of the actuarial assumptions and tables used in the  
26 most recent actuarial valuation of the System that is available

1 at the time of the computation. The System may require the  
2 employer to provide any pertinent information or  
3 documentation.

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

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

1 of the bill.

2 (h) This subsection (h) applies only to payments made or  
3 salary increases given on or after June 1, 2005 but before July  
4 1, 2011. The changes made by Public Act 94-1057 shall not  
5 require the System to refund any payments received before July  
6 31, 2006 (the effective date of Public Act 94-1057).

7 When assessing payment for any amount due under subsection  
8 (g), the System shall exclude earnings increases paid to  
9 participants under contracts or collective bargaining  
10 agreements entered into, amended, or renewed before June 1,  
11 2005.

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

16 When assessing payment for any amount due under subsection  
17 (g), the System shall exclude earnings increases resulting from  
18 overload work, including a contract for summer teaching, or  
19 overtime when the employer has certified to the System, and the  
20 System has approved the certification, that: (i) in the case of  
21 overloads (A) the overload work is for the sole purpose of  
22 academic instruction in excess of the standard number of  
23 instruction hours for a full-time employee occurring during the  
24 academic year that the overload is paid and (B) the earnings  
25 increases are equal to or less than the rate of pay for  
26 academic instruction computed using the participant's current

1 salary rate and work schedule; and (ii) in the case of  
2 overtime, the overtime was necessary for the educational  
3 mission.

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

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

1 subsection (g) of this Section.

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

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

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

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

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

17 (k) The Illinois Community College Board shall adopt rules  
18 for recommending lists of promotional positions submitted to  
19 the Board by community colleges and for reviewing the  
20 promotional lists on an annual basis. When recommending  
21 promotional lists, the Board shall consider the similarity of  
22 the positions submitted to those positions recognized for State  
23 universities by the State Universities Civil Service System.  
24 The Illinois Community College Board shall file a copy of its  
25 findings with the System. The System shall consider the  
26 findings of the Illinois Community College Board when making

1 determinations under this Section. The System shall not exclude  
2 any earnings increases resulting from a promotion when the  
3 promotion was not submitted by a community college. Nothing in  
4 this subsection (k) shall require any community college to  
5 submit any information to the Community College Board.

6 (l) 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 (m) 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; revised 10-17-12.)

24 (40 ILCS 5/15-155.1 new)

25 Sec. 15-155.1. Actions to enforce payments by employers

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

16 The System may provide for an audit of the records of an  
17 employer, other than the State, as may be required to establish  
18 the amounts of required contributions. The employer shall make  
19 its records available to the System for the purpose of such  
20 audit. The cost of such audit shall be added to the amount of  
21 the delinquent payments and may be recovered by the System from  
22 the employer at the same time and in the same manner as the  
23 delinquent payments are recovered.

24 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

25 Sec. 15-157. Employee Contributions.

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

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

1 service shall be considered as police officer service in  
2 calculating the retirement annuity under Rule 4 of Section  
3 15-136. While performing service described in clause (i) or  
4 (ii) of Rule 4 of Section 15-136, a participating employee  
5 shall be deemed to be employed as a firefighter for the purpose  
6 of determining the rate of employee contributions under this  
7 Section.

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

15 (c) In addition to the amounts described in subsections (a)  
16 and (b) of this Section, each participating employee shall make  
17 contributions of 1% of earnings applicable under this system on  
18 and after August 1, 1959. The contributions made under this  
19 subsection (c) shall be considered as survivor's insurance  
20 contributions for purposes of this Article if the employee is  
21 covered under the traditional benefit package, and such  
22 contributions shall be considered as additional contributions  
23 for purposes of this Article if the employee is participating  
24 in the self-managed plan or has elected to participate in the  
25 portable benefit package and has completed the applicable  
26 one-year waiting period. Contributions in excess of \$80 during

1 any fiscal year beginning before August 31, 1969 and in excess  
2 of \$120 during any fiscal year thereafter until September 1,  
3 1971 shall be considered as additional contributions for  
4 purposes of this Article.

5 (c-5) In addition to the contributions otherwise required  
6 under this Article, each participant other than a participant  
7 in the self-managed plan shall also make the following  
8 contributions toward the retirement benefits payable under the  
9 retirement program applicable to the participant from each  
10 payment of earnings applicable to employment under this system:

11 (1) beginning July 1, 2013 and through June 30, 2014,  
12 0.5% of earnings; and

13 (2) beginning July 1, 2014 and through June 30, 2015,  
14 1.0% of earnings; and

15 (3) beginning July 1, 2015 and through June 30, 2016,  
16 1.5% of earnings; and

17 (4) beginning July 1, 2016 and through June 30, 2017,  
18 2.0% of earnings; and

19 (5) beginning July 1, 2017 and through June 30, 2018,  
20 2.5% of earnings; and

21 (6) beginning July 1, 2018, 3.0% of earnings.

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

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

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

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

19 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,  
20 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;  
21 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

22 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

24 (a) The Board shall certify to the Governor on or before  
25 November 15 of each year through ~~until~~ November 15, 2011 the

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

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

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

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

25 On or before July 1, 2013, the Board shall, if necessary,  
26 recalculate and recertify to the Governor the amount of the

1 required State contribution to the System for State fiscal year  
2 2014, taking into account the changes in required State  
3 contributions made by this amendatory Act of the 98th General  
4 Assembly.

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

17 On or before January 15, 2013 and each January 15  
18 thereafter, the Board shall certify to the Governor and the  
19 General Assembly the amount of the required State contribution  
20 for the next fiscal year. The certification shall include a  
21 copy of the actuarial recommendations upon which it is based  
22 and shall specifically identify the System's projected State  
23 normal cost for that fiscal year and the projected State cost  
24 for the self-managed plan for that fiscal year. The Board's  
25 certification must note, in a written response to the State  
26 Actuary, any deviations from the State Actuary's recommended

1 changes, the reason or reasons for not following the State  
2 Actuary's recommended changes, and the fiscal impact of not  
3 following the State Actuary's recommended changes on the  
4 required State contribution.

5 (b) The Board shall certify to the State Comptroller or  
6 employer, as the case may be, from time to time, by its  
7 president and secretary, with its seal attached, the amounts  
8 payable to the System from the various funds.

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

23 If in any month the amount remaining unexpended from all  
24 other appropriations to the System for the applicable fiscal  
25 year (including the appropriations to the System under Section  
26 8.12 of the State Finance Act and Section 1 of the State

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

6 (d) So long as the payments received are the full amount  
7 lawfully vouchered under this Section, payments received by the  
8 System under this Section shall be applied first toward the  
9 employer contribution to the self-managed plan established  
10 under Section 15-158.2. Payments shall be applied second toward  
11 the employer's portion of the normal costs of the System, as  
12 defined in subsection (f) of Section 15-155. The balance shall  
13 be applied toward the unfunded actuarial liabilities of the  
14 System.

15 (e) In the event that the System does not receive, as a  
16 result of legislative enactment or otherwise, payments  
17 sufficient to fully fund the employer contribution to the  
18 self-managed plan established under Section 15-158.2 and to  
19 fully fund that portion of the employer's portion of the normal  
20 costs of the System, as calculated in accordance with Section  
21 15-155(a-1), then any payments received shall be applied  
22 proportionately to the optional retirement program established  
23 under Section 15-158.2 and to the employer's portion of the  
24 normal costs of the System, as calculated in accordance with  
25 Section 15-155(a-1).

26 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;

1 97-694, eff. 6-18-12.)

2 (40 ILCS 5/16-132) (from Ch. 108 1/2, par. 16-132)

3 Sec. 16-132. Retirement annuity eligibility.

4 (a) Except as otherwise provided in subsection (a-5):

5 A member who has at least 20 years of creditable service is  
6 entitled to a retirement annuity upon or after attainment of  
7 age 55. A member who has at least 10 but less than 20 years of  
8 creditable service is entitled to a retirement annuity upon or  
9 after attainment of age 60. A member who has at least 5 but  
10 less than 10 years of creditable service is entitled to a  
11 retirement annuity upon or after attainment of age 62. A member  
12 who (i) has earned during the period immediately preceding the  
13 last day of service at least one year of contributing  
14 creditable service as an employee of a department as defined in  
15 Section 14-103.04, (ii) has earned at least 5 years of  
16 contributing creditable service as an employee of a department  
17 as defined in Section 14-103.04, and (iii) retires on or after  
18 January 1, 2001 is entitled to a retirement annuity upon or  
19 after attainment of an age which, when added to the number of  
20 years of his or her total creditable service, equals at least  
21 85. Portions of years shall be counted as decimal equivalents.

22 A member who is eligible to receive a retirement annuity of  
23 at least 74.6% of final average salary and will attain age 55  
24 on or before December 31 during the year which commences on  
25 July 1 shall be deemed to attain age 55 on the preceding June

1 1.

2 Notwithstanding any other provision of this Article,  
3 beginning on the effective date of this amendatory Act of the  
4 98th General Assembly, no person shall be granted a retirement  
5 annuity under this Article without having attained age 67;  
6 except that a member who has attained age 62 and has at least  
7 10 years of service credit and is otherwise eligible may elect  
8 to receive a retirement annuity reduced by one-half of 1% for  
9 each full month that the member's age is under age 67.

10 This limitation does not apply to (i) a person not in  
11 service on or after that effective date, (ii) a person who was  
12 granted or began receiving a retirement annuity under this  
13 Article before that effective date, or (iii) an annuity granted  
14 because of disability. This subsection does not grant or  
15 accelerate eligibility for a retirement annuity for any person  
16 otherwise subject to a more restrictive limit or condition.

17 (b) A member meeting the above eligibility conditions is  
18 entitled to a retirement annuity upon written application to  
19 the board setting forth the date the member wishes the  
20 retirement annuity to commence. However, the effective date of  
21 the retirement annuity shall be no earlier than the day  
22 following the last day of creditable service, regardless of the  
23 date of official termination of employment.

24 (c) To be eligible for a retirement annuity, a member shall  
25 not be employed as a teacher in the schools included under this  
26 System or under Article 17, except (i) as provided in Section

1 16-118 or 16-150.1, (ii) if the member is disabled (in which  
2 event, eligibility for salary must cease), or (iii) if the  
3 System is required by federal law to commence payment due to  
4 the member's age; the changes to this sentence made by this  
5 amendatory Act of the 93rd General Assembly apply without  
6 regard to whether the member terminated employment before or  
7 after its effective date.

8 (Source: P.A. 93-320, eff. 7-23-03.)

9 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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

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

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

19 (1) An amount that can be provided on an  
20 actuarially equivalent basis by the member's  
21 accumulated contributions at the time of retirement;  
22 and

23 (2) The sum of (i) the amount that can be provided  
24 on an actuarially equivalent basis by the member's  
25 accumulated contributions representing service prior

1 to July 1, 1947, and (ii) the amount that can be  
2 provided on an actuarially equivalent basis by the  
3 amount obtained by multiplying 1.4 times the member's  
4 accumulated contributions covering service subsequent  
5 to June 30, 1947; and

6 (3) If there is prior service, 2 times the amount  
7 that would have been determined under subparagraph (2)  
8 of paragraph (A) above on account of contributions  
9 which would have been made during the period of prior  
10 service creditable to the member had the System been in  
11 operation and had the member made contributions at the  
12 contribution rate in effect prior to July 1, 1947.

13 This paragraph (A) does not apply to a person who first  
14 becomes a teacher under this Article on or after July 1,  
15 2005.

16 (B) An amount consisting of the greater of the  
17 following:

18 (1) For creditable service earned before July 1,  
19 1998 that has not been augmented under Section  
20 16-129.1: 1.67% of final average salary for each of the  
21 first 10 years of creditable service, 1.90% of final  
22 average salary for each year in excess of 10 but not  
23 exceeding 20, 2.10% of final average salary for each  
24 year in excess of 20 but not exceeding 30, and 2.30% of  
25 final average salary for each year in excess of 30; and

26 For creditable service earned on or after July 1,

1 1998 by a member who has at least 24 years of  
2 creditable service on July 1, 1998 and who does not  
3 elect to augment service under Section 16-129.1: 2.2%  
4 of final average salary for each year of creditable  
5 service earned on or after July 1, 1998 but before the  
6 member reaches a total of 30 years of creditable  
7 service and 2.3% of final average salary for each year  
8 of creditable service earned on or after July 1, 1998  
9 and after the member reaches a total of 30 years of  
10 creditable service; and

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

13 (2) 1.5% of final average salary for each year of  
14 creditable service plus the sum \$7.50 for each of the  
15 first 20 years of creditable service.

16 For a person not in service on or after the effective date  
17 of this amendatory Act of the 98th General Assembly to whom  
18 this paragraph (B) applies, the ~~The~~ amount of the  
19 retirement annuity determined under this paragraph (B)  
20 shall be reduced by 1/2 of 1% for each month that the  
21 member is less than age 60 at the time the retirement  
22 annuity begins. However, this reduction shall not apply (i)  
23 if the member has at least 35 years of creditable service,  
24 or (ii) if the member retires on account of disability  
25 under Section 16-149.2 of this Article with at least 20  
26 years of creditable service, or (iii) if the member (1) has

1 earned during the period immediately preceding the last day  
2 of service at least one year of contributing creditable  
3 service as an employee of a department as defined in  
4 Section 14-103.04, (2) has earned at least 5 years of  
5 contributing creditable service as an employee of a  
6 department as defined in Section 14-103.04, (3) retires on  
7 or after January 1, 2001, and (4) retires having attained  
8 an age which, when added to the number of years of his or  
9 her total creditable service, equals at least 85. Portions  
10 of years shall be counted as decimal equivalents.

11 For a person in service on or after the effective date of  
12 this amendatory Act of the 98th General Assembly to whom this  
13 paragraph (B) applies and who retires after attaining age 62  
14 but before age 67 with at least 10 years of creditable service,  
15 the retirement annuity shall be discounted as provided in  
16 subsection (c) of Section 16-132.

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

22 In the determination of final average salary for members  
23 other than elected officials and their appointees when such  
24 appointees are allowed by statute, that part of a member's  
25 salary for any year beginning after June 30, 1979 which exceeds  
26 the member's annual full-time salary rate with the same

1 employer for the preceding year by more than 20% shall be  
2 excluded. The exclusion shall not apply in any year in which  
3 the member's creditable earnings are less than 50% of the  
4 preceding year's mean salary for downstate teachers as  
5 determined by the survey of school district salaries provided  
6 in Section 2-3.103 of the School Code.

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

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

15 (e) The maximum retirement annuity provided under  
16 paragraph (B) of this Section shall be 75% of final average  
17 salary.

18 (f) A member retiring after the effective date of this  
19 amendatory Act of 1998 shall receive a pension equal to 75% of  
20 final average salary if the member is qualified to receive a  
21 retirement annuity equal to at least 74.6% of final average  
22 salary under this Article or as proportional annuities under  
23 Article 20 of this Code.

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

25 (40 ILCS 5/16-133.2) (from Ch. 108 1/2, par. 16-133.2)

1           Sec. 16-133.2. Early retirement without discount.

2           (a) A member retiring after June 1, 1980 and on or before  
3 June 30, 2005 (or as provided in subsection (b) of this  
4 Section), and applying for a retirement annuity within 6 months  
5 of the last day of teaching for which retirement contributions  
6 were required, may elect at the time of application for a  
7 retirement annuity, to make a one time member contribution to  
8 the System and thereby avoid the reduction in the retirement  
9 annuity for retirement before age 60 specified in paragraph (B)  
10 of Section 16-133. The exercise of the election shall also  
11 obligate the last employer to make a one time non-refundable  
12 contribution to the System. Substitute teachers wishing to  
13 exercise this election must teach 85 or more days in one school  
14 term with one employer, who shall be deemed the last employer  
15 for purposes of this Section. The last day of teaching with  
16 that employer must be within 6 months of the date of  
17 application for retirement. All substitute teaching credit  
18 applied toward the required 85 days must be earned after June  
19 30, 1990.

20           The one time member and employer contributions shall be a  
21 percentage of the retiring member's highest annual salary rate  
22 used in the determination of the average salary for retirement  
23 annuity purposes. However, when determining the one-time  
24 member and employer contributions, that part of a member's  
25 salary with the same employer which exceeds the annual salary  
26 rate for the preceding year by more than 20% shall be excluded.

1 The member contribution shall be at the rate of 7% for the  
2 lesser of the following 2 periods: (1) for each year that the  
3 member is less than age 60; or (2) for each year that the  
4 member's creditable service is less than 35 years. If a member  
5 is at least age 55 and has at least 34 years of creditable  
6 service, no member or employer contribution for the early  
7 retirement option shall be required. The employer contribution  
8 shall be at the rate of 20% for each year the member is under  
9 age 60.

10 Upon receipt of the application and election, the System  
11 shall determine the one time employee and employer  
12 contributions required. The member contribution shall be  
13 credited to the individual account of the member and the  
14 employer contribution shall be credited to the Benefit Trust  
15 Reserve. The provisions of this subsection (a) providing for  
16 the avoidance of the reduction in retirement annuity shall not  
17 be applicable until the member's contribution, if any, has been  
18 received by the System; however, the date such contributions  
19 are received shall not be considered in determining the  
20 effective date of retirement.

21 The number of members working for a single employer who may  
22 retire under this subsection or subsection (b) in any year may  
23 be limited at the option of the employer to a specified  
24 percentage of those eligible, not less than 30%, with the right  
25 to participate to be allocated among those applying on the  
26 basis of seniority in the service of the employer.

1 (b) The provisions of subsection (a) of this Section shall  
2 remain in effect for a member retiring after June 30, 2005 and  
3 on or before July 1, 2007, provided that the member satisfies  
4 both of the following requirements:

5 (1) the member notified his or her employer of intent  
6 to retire under this Article on or before the effective  
7 date of this amendatory Act of the 94th General Assembly  
8 under the terms of a contract or collective bargaining  
9 agreement entered into, amended, or renewed with the  
10 employer on or before the effective date of this amendatory  
11 Act of the 94th General Assembly; and

12 (2) the effective date of the member's retirement is on  
13 or before July 1, 2007.

14 The member's employer must give evidence of the member's  
15 notification by providing to the System:

16 (i) a copy of the member's notification to the employer  
17 or the record of that notification;

18 (ii) an affidavit signed by the member and the  
19 employer, verifying the notification; and

20 (iii) any additional documentation that the System may  
21 require.

22 (c) Except as otherwise provided in subsection (b), and  
23 subject to the provisions of Section 16-176, a member retiring  
24 on or after July 1, 2005 and before the effective date of this  
25 amendatory Act of the 98th General Assembly, and applying for a  
26 retirement annuity within 6 months of the last day of teaching

1 for which retirement contributions were required, may elect at  
2 the time of application for a retirement annuity, to make a  
3 one-time member contribution to the System and thereby avoid  
4 the reduction in the retirement annuity for retirement before  
5 age 60 specified in paragraph (B) of Section 16-133. The  
6 exercise of the election shall also obligate the last employer  
7 to make a one-time nonrefundable contribution to the System.  
8 Substitute teachers wishing to exercise this election must  
9 teach 85 or more days in one school term with one employer, who  
10 shall be deemed the last employer for purposes of this Section.  
11 The last day of teaching with that employer must be within 6  
12 months of the date of application for retirement. All  
13 substitute teaching credit applied toward the required 85 days  
14 must be earned after June 30, 1990.

15 The one-time member and employer contributions shall be a  
16 percentage of the retiring member's highest annual salary rate  
17 used in the determination of the average salary for retirement  
18 annuity purposes. However, when determining the one-time  
19 member and employer contributions, that part of a member's  
20 salary with the same employer which exceeds the annual salary  
21 rate for the preceding year by more than 20% shall be excluded.  
22 The member contribution shall be at the rate of 11.5% for the  
23 lesser of the following 2 periods: (1) for each year that the  
24 member is less than age 60; or (2) for each year that the  
25 member's creditable service is less than 35 years. The employer  
26 contribution shall be at the rate of 23.5% for each year the

1 member is under age 60.

2 Upon receipt of the application and election, the System  
3 shall determine the one-time employee and employer  
4 contributions required. The member contribution shall be  
5 credited to the individual account of the member and the  
6 employer contribution shall be credited to the Benefit Trust  
7 Reserve. The avoidance of the reduction in retirement annuity  
8 provided under this subsection (c) is not applicable until the  
9 member's contribution, if any, has been received by the System;  
10 however, the date that contribution is received shall not be  
11 considered in determining the effective date of retirement.

12 The number of members working for a single employer who may  
13 retire under this subsection (c) in any year may be limited at  
14 the option of the employer to a specified percentage of those  
15 eligible, not less than 10%, with the right to participate to  
16 be allocated among those applying on the basis of seniority in  
17 the service of the employer.

18 The early retirement without discount option provided  
19 under this Section is not available to persons who are in  
20 service on or after the effective date of this amendatory Act  
21 of the 98th General Assembly.

22 (Source: P.A. 93-469, eff. 8-8-03; 94-4, eff. 6-1-05.)

23 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

24 Sec. 16-152. Contributions by members.

25 (a) Each member shall make contributions for membership

1 service to this System as follows:

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

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

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

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

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

24 (1) beginning July 1, 2013 and through June 30, 2014,  
25 0.5% of salary; and

26 (2) beginning July 1, 2014 and through June 30, 2015,

1           1.0% of salary; and

2                   (3) beginning July 1, 2015 and through June 30, 2016,

3           1.5% of salary; and

4                   (4) beginning July 1, 2016 and through June 30, 2017,

5           2.0% of salary; and

6                   (5) beginning July 1, 2017 and through June 30, 2018,

7           2.5% of salary; and

8                   (6) beginning July 1, 2018, 3.0% of salary.

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

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

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

23           (e) A member's contributions toward the cost of early  
24 retirement without discount made under item (a)(4) of this  
25 Section shall not be refunded if the member has elected early  
26 retirement without discount under Section 16-133.2 and has

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

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

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

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

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

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

24 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

1 units.

2 (a) The State shall make contributions to the System by  
3 means of appropriations from the Common School Fund and other  
4 State funds of amounts which, together with ~~other~~ employer  
5 contributions, employee contributions, investment income, and  
6 other income, will be sufficient to meet the cost of  
7 maintaining and administering the System on a 80% ~~90%~~ funded  
8 basis in accordance with actuarial recommendations by the end  
9 of State fiscal year 2063.

10 Beginning with State fiscal year 2014, the State's required  
11 contributions to the System under subsection (b-3) shall be  
12 limited to the amounts required to amortize the total cost of  
13 the benefits of the System arising before July 1, 2013. The  
14 State shall also pay any employer contributions required from  
15 the State as the actual employer of participants under this  
16 Article and any contribution required under subsection (b-20).

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

22 (a-1) Annually, on or before November 15 through ~~until~~  
23 November 15, 2011, the Board shall certify to the Governor the  
24 amount of the required State contribution for the coming fiscal  
25 year. The certification under this subsection (a-1) shall  
26 include a copy of the actuarial recommendations upon which it

1 is based ~~and shall specifically identify the System's projected~~  
2 ~~State normal cost for that fiscal year.~~

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

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

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

20 On or before July 1, 2013, the Board shall, if necessary,  
21 recalculate and recertify to the Governor the amount of the  
22 required State contribution to the System for State fiscal year  
23 2014, taking into account the changes in required State  
24 contributions made by this amendatory Act of the 98th General  
25 Assembly.

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

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

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

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

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

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

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

1           **(b-3) For State fiscal years 2014 through 2063, the minimum**  
2 **contribution to the System to be made by the State under this**  
3 **subsection (b-3) for each fiscal year shall be an amount**  
4 **determined by the Board to be sufficient to amortize the**  
5 **unfunded accrued liability that is attributable to benefits**  
6 **that accrued before July 1, 2013 as a level percentage of**  
7 **payroll over the years remaining to and including fiscal year**  
8 **2063, determined under the projected unit credit actuarial cost**  
9 **method.**

10           **For State fiscal year 2064 and thereafter, the minimum**  
11 **contribution to the System to be made by the State under this**  
12 **subsection (b-3) for each fiscal year shall be an amount**  
13 **determined by the Board to be sufficient to amortize, over a**  
14 **30-year rolling amortization period, any unfunded liability**  
15 **arising on or after July 1, 2063 that is attributable to**  
16 **benefits that accrued before July 1, 2013.**

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

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

16           Notwithstanding any other provision of this Article, the  
17 total required State contribution for State fiscal year 2006 is  
18 \$534,627,700.

19           Notwithstanding any other provision of this Article, the  
20 total required State contribution for State fiscal year 2007 is  
21 \$738,014,500.

22           For each of State fiscal years 2008 through 2009, the State  
23 contribution to the System, as a percentage of the applicable  
24 employee payroll, shall be increased in equal annual increments  
25 from the required State contribution for State fiscal year  
26 2007, so that by State fiscal year 2011, the State is

1 contributing at the rate otherwise required under this Section.

2 Notwithstanding any other provision of this Article, the  
3 total required State contribution for State fiscal year 2010 is  
4 \$2,089,268,000 and shall be made from the proceeds of bonds  
5 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
6 Obligation Bond Act, less (i) the pro rata share of bond sale  
7 expenses determined by the System's share of total bond  
8 proceeds, (ii) any amounts received from the Common School Fund  
9 in fiscal year 2010, and (iii) any reduction in bond proceeds  
10 due to the issuance of discounted bonds, if applicable.

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

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

5       Amounts received by the System pursuant to Section 25 of  
6       the Budget Stabilization Act or Section 8.12 of the State  
7       Finance Act in any fiscal year do not reduce and do not  
8       constitute payment of any portion of the minimum State  
9       contribution required under this Article in that fiscal year.  
10      Such amounts shall not reduce, and shall not be included in the  
11      calculation of, the required State contributions under this  
12      Article in any future year until the System has reached a  
13      funding ratio of at least 80% ~~90%~~. A reference in this Article  
14      to the "required State contribution" or any substantially  
15      similar term does not include or apply to any amounts payable  
16      to the System under Section 25 of the Budget Stabilization Act.

17      Notwithstanding any other provision of this Section, the  
18      required State contribution for State fiscal year 2005 and for  
19      fiscal year 2008 and each fiscal year thereafter through State  
20      fiscal year 2013, as calculated under this Section and  
21      certified under subsection (a-1), shall not exceed an amount  
22      equal to (i) the amount of the required State contribution that  
23      would have been calculated under this Section for that fiscal  
24      year if the System had not received any payments under  
25      subsection (d) of Section 7.2 of the General Obligation Bond  
26      Act, minus (ii) the portion of the State's total debt service

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

16 (b-10) Subject to the limitations provided in subsection  
17 (b-15), beginning with State fiscal year 2014, the minimum  
18 required contribution of each employer under this Article shall  
19 be sufficient to produce an annual amount equal to:

20 (i) the employer's normal cost for that fiscal year;

21 plus

22 (ii) the amount required for that fiscal year to  
23 amortize that employer's portion of the unfunded accrued  
24 liability associated with the cost of benefits accrued on  
25 or after July 1, 2013 as a level percentage of payroll over  
26 a 30-year rolling amortization period, as determined for

1 each employer by the Board.

2 Each employer under this Article shall make these  
3 contributions in the amounts determined and the manner  
4 prescribed from time to time by the Board.

5 (b-15) The System shall determine the employer's normal  
6 cost under item (i) of subsection (b-10) as a percentage of  
7 projected payroll applicable to all employers, based on  
8 actuarial assumptions applicable to the System as a whole. The  
9 required employer contribution under item (i) in a fiscal year  
10 shall not exceed a percentage of payroll determined by  
11 subtracting 2013 from the applicable fiscal year and  
12 multiplying the result by 0.5%.

13 The System shall determine the employer's portion of the  
14 unfunded accrued liability under item (ii) of subsection (b-10)  
15 separately for each employer, as a percentage of that  
16 employer's projected payroll, based on the liabilities  
17 attributable to that employer and the actuarial assumptions  
18 applicable to the System as a whole.

19 For use in determining the employer's contribution for  
20 unfunded accrued liability under item (ii), the System shall  
21 maintain a separate account for each employer. The separate  
22 account shall be maintained in such form and detail as the  
23 System determines to be appropriate. The separate account shall  
24 reflect the following items to the extent that they are  
25 attributable to that employer and arise on or after July 1,  
26 2013: employer contributions, State contributions under

1 subsection (b-20), employee contributions, investment returns,  
2 payments of benefits, and that employer's proportionate share  
3 of the System's administrative expenses.

4 In the event that the Board determines that there is a  
5 deficiency or surplus in the account of an employer with  
6 respect to the projected liabilities attributable to that  
7 employer arising on or after July 1, 2013, the Board shall  
8 determine the employer's contribution rate under item (ii) of  
9 subsection (b-10) so as to address that deficiency or surplus  
10 over a reasonable period of time as determined by the Board.

11 (b-20) Beginning in State fiscal year 2014, for any fiscal  
12 year in which (1) the System's normal cost for all employers  
13 for that fiscal year exceeds (2) the total contribution  
14 calculated under item (i) of subsection (b-10) for all  
15 employers for that fiscal year, the State shall make an  
16 additional contribution to the System for that fiscal year  
17 equal to the difference.

18 The State contribution under this subsection (b-20) is in  
19 addition to the State contributions required under subsection  
20 (b-1) and any contributions required to be paid by the State as  
21 an employer under subsection (b-10) of this Section.

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

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

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

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

1 absence from another employer under this Article shall not be  
2 considered an employee of the employer from which the teacher  
3 is on leave.

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

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

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

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

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

21 Each employer of teachers is entitled to a credit against  
22 the contributions required under this subsection (e) with  
23 respect to salaries paid to teachers for the period January 1,  
24 2002 through June 30, 2003, equal to the amount paid by that  
25 employer under subsection (a-5) of Section 6.6 of the State  
26 Employees Group Insurance Act of 1971 with respect to salaries

1 paid to teachers for that period.

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

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

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

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

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

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

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

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

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

24 When assessing payment for any amount due under subsection  
25 (f), the System shall exclude salary increases paid to a  
26 teacher at a time when the teacher is 10 or more years from

1 retirement eligibility under Section 16-132 or 16-133.2.

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

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

26 When assessing payment for any amount due under subsection

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

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

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

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

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

25 (3) The total amount the System received from each  
26 employer as a result of the changes made to this Section by

1 Public Act 94-4.

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

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

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

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

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

23 (40 ILCS 5/16-158.1) (from Ch. 108 1/2, par. 16-158.1)

24 Sec. 16-158.1. Actions to enforce payments by school  
25 districts and other employing units other than the State. Any

1 school district or other employing unit, other than the State,  
2 that fails ~~ailing~~ to transmit to the System contributions  
3 required of it under this Article or contributions required of  
4 teachers, for more than 90 days after such contributions are  
5 due is subject to the following: after giving notice to the  
6 district or other unit, the System may certify to the State  
7 Comptroller or the Regional Superintendent of Schools the  
8 amounts of such delinquent payments and the State Comptroller  
9 or the Regional Superintendent of Schools shall deduct the  
10 amounts so certified or any part thereof from any State funds  
11 to be remitted to the school district or other employing unit  
12 involved and shall pay the amount so deducted to the System. If  
13 State funds from which such deductions may be made are not  
14 available, the System may proceed against the school district  
15 or other employing unit to recover the amounts of such  
16 delinquent payments in the appropriate circuit court.

17 The System may provide for an audit of the records of a  
18 school district or other employing unit, other than the State,  
19 as may be required to establish the amounts of required  
20 contributions. The school district or other employing unit  
21 shall make its records available to the System for the purpose  
22 of such audit. The cost of such audit shall be added to the  
23 amount of the delinquent payments and shall be recovered by the  
24 System from the school district or other employing unit at the  
25 same time and in the same manner as the delinquent payments are  
26 recovered.

1 (Source: P.A. 90-448, eff. 8-16-97.)

2 (40 ILCS 5/18-124) (from Ch. 108 1/2, par. 18-124)

3 Sec. 18-124. Retirement annuities - conditions for  
4 eligibility.

5 (a) This subsection (a) applies to a participant who first  
6 serves as a judge before the effective date of this amendatory  
7 Act of the 96th General Assembly and terminates service before  
8 the effective date of this amendatory Act of the 98th General  
9 Assembly.

10 A participant whose employment as a judge is terminated,  
11 regardless of age or cause is entitled to a retirement annuity  
12 beginning on the date specified in a written application  
13 subject to the following:

14 (1) the date the annuity begins is subsequent to the  
15 date of final termination of employment, or the date 30  
16 days prior to the receipt of the application by the board  
17 for annuities based on disability, or one year before the  
18 receipt of the application by the board for annuities based  
19 on attained age;

20 (2) the participant is at least age 55, or has become  
21 permanently disabled and as a consequence is unable to  
22 perform the duties of his or her office;

23 (3) the participant has at least 10 years of service  
24 credit except that a participant terminating service after  
25 June 30 1975, with at least 6 years of service credit,

1 shall be entitled to a retirement annuity at age 62 or  
2 over;

3 (4) the participant is not receiving or entitled to  
4 receive, at the date of retirement, any salary from an  
5 employer for service currently performed.

6 (b) This subsection (b) applies to a participant who first  
7 serves as a judge on or after the effective date of this  
8 amendatory Act of the 96th General Assembly and to any  
9 participant who is in service on or after the effective date of  
10 this amendatory Act of the 98th General Assembly.

11 A participant who has at least 8 years of creditable  
12 service is entitled to a retirement annuity when he or she has  
13 attained age 67.

14 A member who has attained age 62 and has at least 8 years  
15 of service credit may elect to receive the lower retirement  
16 annuity provided in subsection (d) of Section 18-125 of this  
17 Code.

18 (c) The changes made to this Section by this amendatory Act  
19 of the 98th General Assembly do not apply to (i) a person not  
20 in service on or after that effective date, (ii) a person who  
21 was granted or began receiving a retirement annuity under this  
22 Article before that effective date, or (iii) an annuity granted  
23 because of disability.

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

25 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

1           Sec. 18-125. Retirement annuity amount.

2           (a) The annual retirement annuity for a participant who  
3 terminated service as a judge prior to July 1, 1971 shall be  
4 based on the law in effect at the time of termination of  
5 service.

6           (b) Except as provided in subsection (b-5), effective July  
7 1, 1971, the retirement annuity for any participant in service  
8 on or after such date shall be 3 1/2% of final average salary,  
9 as defined in this Section, for each of the first 10 years of  
10 service, and 5% of such final average salary for each year of  
11 service on excess of 10.

12           For purposes of this Section, final average salary for a  
13 participant who first serves as a judge before August 10, 2009  
14 (the effective date of Public Act 96-207) shall be:

15           (1) the average salary for the last 4 years of credited  
16 service as a judge for a participant who terminates service  
17 before July 1, 1975.

18           (2) for a participant who terminates service after June  
19 30, 1975 and before July 1, 1982, the salary on the last  
20 day of employment as a judge.

21           (3) for any participant who terminates service after  
22 June 30, 1982 and before January 1, 1990, the average  
23 salary for the final year of service as a judge.

24           (4) for a participant who terminates service on or  
25 after January 1, 1990 but before the effective date of this  
26 amendatory Act of 1995, the salary on the last day of

1 employment as a judge.

2 (5) for a participant who terminates service on or  
3 after the effective date of this amendatory Act of 1995,  
4 the salary on the last day of employment as a judge, or the  
5 highest salary received by the participant for employment  
6 as a judge in a position held by the participant for at  
7 least 4 consecutive years, whichever is greater.

8 However, in the case of a participant who elects to  
9 discontinue contributions as provided in subdivision (a)(2) of  
10 Section 18-133, the time of such election shall be considered  
11 the last day of employment in the determination of final  
12 average salary under this subsection.

13 For a participant who first serves as a judge on or after  
14 August 10, 2009 (the effective date of Public Act 96-207) and  
15 before January 1, 2011 (the effective date of Public Act  
16 96-889), final average salary shall be the average monthly  
17 salary obtained by dividing the total salary of the participant  
18 during the period of: (1) the 48 consecutive months of service  
19 within the last 120 months of service in which the total  
20 compensation was the highest, or (2) the total period of  
21 service, if less than 48 months, by the number of months of  
22 service in that period.

23 The maximum retirement annuity for any participant shall be  
24 85% of final average salary.

25 (b-5) Notwithstanding any other provision of this Article,  
26 for a participant who first serves as a judge on or after

1 January 1, 2011 (the effective date of Public Act 96-889), the  
2 annual retirement annuity is 3% of the participant's final  
3 average salary for each year of service. The maximum retirement  
4 annuity payable shall be 60% of the participant's final average  
5 salary.

6 For a participant who first serves as a judge on or after  
7 January 1, 2011 (the effective date of Public Act 96-889),  
8 final average salary shall be the average monthly salary  
9 obtained by dividing the total salary of the judge during the  
10 96 consecutive months of service within the last 120 months of  
11 service in which the total salary was the highest by the number  
12 of months of service in that period; however, beginning January  
13 1, 2011, the annual salary may not exceed \$106,800, except that  
14 that amount shall annually thereafter be increased by the  
15 lesser of (i) 3% of that amount, including all previous  
16 adjustments, or (ii) the annual unadjusted percentage increase  
17 (but not less than zero) in the consumer price index-u for the  
18 12 months ending with the September preceding each November 1.  
19 "Consumer price index-u" means the index published by the  
20 Bureau of Labor Statistics of the United States Department of  
21 Labor that measures the average change in prices of goods and  
22 services purchased by all urban consumers, United States city  
23 average, all items, 1982-84 = 100. The new amount resulting  
24 from each annual adjustment shall be determined by the Public  
25 Pension Division of the Department of Insurance and made  
26 available to the Board by November 1st of each year.

1 (c) The retirement annuity for a participant who retires  
2 prior to age 60 with less than 28 years of service in the  
3 System shall be reduced 1/2 of 1% for each month that the  
4 participant's age is under 60 years at the time the annuity  
5 commences. However, for a participant who retires on or after  
6 the effective date of this amendatory Act of the 91st General  
7 Assembly, the percentage reduction in retirement annuity  
8 imposed under this subsection shall be reduced by 5/12 of 1%  
9 for every month of service in this System in excess of 20  
10 years, and therefore a participant with at least 26 years of  
11 service in this System may retire at age 55 without any  
12 reduction in annuity.

13 The reduction in retirement annuity imposed by this  
14 subsection shall not apply in the case of retirement on account  
15 of disability.

16 (d) As provided in Section 18-124 ~~Notwithstanding any other~~  
17 ~~provision of this Article,~~ for a participant who first serves  
18 as a judge on or after January 1, 2011 (the effective date of  
19 Public Act 96-889) and for any other participant who is in  
20 service on or after the effective date of this amendatory Act  
21 of the 98th General Assembly, and who is retiring after  
22 attaining age 62, the retirement annuity shall be reduced by  
23 1/2 of 1% for each month that the participant's age is under  
24 age 67 at the time the annuity commences.

25 (Source: P.A. 96-207, eff. 8-10-09; 96-889, eff. 1-1-11;  
26 96-1000, eff. 7-2-10; 96-1490, eff. 1-1-11.)

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

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

3 (a) The State of Illinois shall make contributions to this  
4 System by appropriations of the amounts which, together with  
5 the contributions of participants, net earnings on  
6 investments, and other income, will meet the costs of  
7 maintaining and administering this System on a 80% ~~90%~~ funded  
8 basis in accordance with actuarial recommendations.

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

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

24 For State fiscal years 2014 through 2063, the minimum  
25 contribution to the System to be made by the State for each

1 fiscal year shall be an amount determined by the System to be  
2 sufficient to bring the total assets of the System up to 80% of  
3 the total actuarial liabilities of the System by the end of  
4 State fiscal year 2063. In making these determinations, the  
5 required State contribution shall be calculated each year as a  
6 level percentage of payroll over the years remaining to and  
7 including fiscal year 2063 and shall be determined under the  
8 projected unit credit actuarial cost method.

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

14 Notwithstanding any other provision of this Article, the  
15 total required State contribution for State fiscal year 2006 is  
16 \$29,189,400.

17 Notwithstanding any other provision of this Article, the  
18 total required State contribution for State fiscal year 2007 is  
19 \$35,236,800.

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

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010 is  
2 \$78,832,000 and shall be made from the proceeds of bonds sold  
3 in fiscal year 2010 pursuant to Section 7.2 of the General  
4 Obligation Bond Act, less (i) the pro rata share of bond sale  
5 expenses determined by the System's share of total bond  
6 proceeds, (ii) any amounts received from the General Revenue  
7 Fund in fiscal year 2010, and (iii) any reduction in bond  
8 proceeds due to the issuance of discounted bonds, if  
9 applicable.

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

21 Beginning in State fiscal year 2064 ~~2046~~, the minimum State  
22 contribution for each fiscal year shall be the amount needed to  
23 maintain the total assets of the System at 80% ~~90%~~ of the total  
24 actuarial liabilities of the System.

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

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

11 Notwithstanding any other provision of this Section, the  
12 required State contribution for State fiscal year 2005 and for  
13 fiscal year 2008 and each fiscal year thereafter, as calculated  
14 under this Section and certified under Section 18-140, shall  
15 not exceed an amount equal to (i) the amount of the required  
16 State contribution that would have been calculated under this  
17 Section for that fiscal year if the System had not received any  
18 payments under subsection (d) of Section 7.2 of the General  
19 Obligation Bond Act, minus (ii) the portion of the State's  
20 total debt service payments for that fiscal year on the bonds  
21 issued in fiscal year 2003 for the purposes of that Section  
22 7.2, as determined and certified by the Comptroller, that is  
23 the same as the System's portion of the total moneys  
24 distributed under subsection (d) of Section 7.2 of the General  
25 Obligation Bond Act. In determining this maximum for State  
26 fiscal years 2008 through 2010, however, the amount referred to

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

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

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

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

25 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;  
26 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.

1 7-13-12.)

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

3 Sec. 18-133. Financing; employee contributions.

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

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

12 (2) A participant who continues to serve as a judge  
13 after becoming eligible to receive the maximum rate of  
14 annuity may elect, through a written direction filed with  
15 the Board, to discontinue contributing to the System. Any  
16 such option elected by a judge shall be irrevocable unless  
17 prior to January 1, 2000, and while continuing to serve as  
18 judge, the judge (A) files with the Board a letter  
19 cancelling the direction to discontinue contributing to  
20 the System and requesting that such contributing resume,  
21 and (B) pays into the System an amount equal to the total  
22 of the discontinued contributions plus interest thereon at  
23 5% per annum. Service credits earned in any other  
24 "participating system" as defined in Article 20 of this  
25 Code shall be considered for purposes of determining a

1 judge's eligibility to discontinue contributions under  
2 this subdivision (a)(2).

3 (3) A participant who (i) has attained age 60, (ii)  
4 continues to serve as a judge after becoming eligible to  
5 receive the maximum rate of annuity, and (iii) has not  
6 elected to discontinue contributing to the System under  
7 subdivision (a)(2) of this Section (or has revoked any such  
8 election) may elect, through a written direction filed with  
9 the Board, to make contributions to the System based only  
10 on the amount of the increases in salary received by the  
11 judge on or after the date of the election, rather than the  
12 total salary received. If a judge who is making  
13 contributions to the System on the effective date of this  
14 amendatory Act of the 91st General Assembly makes an  
15 election to limit contributions under this subdivision  
16 (a)(3) within 90 days after that effective date, the  
17 election shall be deemed to become effective on that  
18 effective date and the judge shall be entitled to receive a  
19 refund of any excess contributions paid to the System  
20 during that 90-day period; any other election under this  
21 subdivision (a)(3) becomes effective on the first of the  
22 month following the date of the election. An election to  
23 limit contributions under this subdivision (a)(3) is  
24 irrevocable. Service credits earned in any other  
25 participating system as defined in Article 20 of this Code  
26 shall be considered for purposes of determining a judge's

1 eligibility to make an election under this subdivision  
2 (a) (3).

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

8 (1) beginning July 1, 2013 and through June 30, 2014,  
9 0.5% of salary; and

10 (2) beginning July 1, 2014 and through June 30, 2015,  
11 1.0% of salary; and

12 (3) beginning July 1, 2015 and through June 30, 2016,  
13 1.5% of salary; and

14 (4) beginning July 1, 2016 and through June 30, 2017,  
15 2.0% of salary; and

16 (5) beginning July 1, 2017 and through June 30, 2018,  
17 2.5% of salary; and

18 (6) beginning July 1, 2018, 3.0% of salary.

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

25 (c) Effective July 13, 1953, each married participant  
26 subject to the survivor's annuity provisions is required to

1 contribute 2 1/2% of each payment of salary, whether or not he  
2 or she is required to make any other contributions under this  
3 Section. Such contributions shall be made concurrently with the  
4 contributions made for annuity purposes.

5 (d) Notwithstanding any other provision of this Article,  
6 the required contributions for a participant who first becomes  
7 a participant on or after January 1, 2011 shall not exceed the  
8 contributions that would be due under this Article if that  
9 participant's highest salary for annuity purposes were  
10 \$106,800, plus any increase in that amount under Section  
11 18-125.

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

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

15 (30 ILCS 805/8.37 new)

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

20 Section 97. Severability. The provisions of this Act that  
21 increase the minimum retirement age are independent and  
22 severable; the other provisions of this Act are mutually  
23 dependent and inseverable.

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

1

## INDEX

2

## Statutes amended in order of appearance

3 5 ILCS 375/6 from Ch. 127, par. 526

4 20 ILCS 2505/2505-427 new

5 35 ILCS 5/201 from Ch. 120, par. 2-201

6 35 ILCS 5/224 new

7 40 ILCS 5/1-103.3

8 40 ILCS 5/2-119 from Ch. 108 1/2, par. 2-119

9 40 ILCS 5/2-119.01 from Ch. 108 1/2, par. 2-119.01

10 40 ILCS 5/2-124 from Ch. 108 1/2, par. 2-124

11 40 ILCS 5/2-126 from Ch. 108 1/2, par. 2-126

12 40 ILCS 5/14-107 from Ch. 108 1/2, par. 14-107

13 40 ILCS 5/14-108 from Ch. 108 1/2, par. 14-108

14 40 ILCS 5/14-110 from Ch. 108 1/2, par. 14-110

15 40 ILCS 5/14-131

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

17 40 ILCS 5/15-135 from Ch. 108 1/2, par. 15-135

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

19 40 ILCS 5/15-155 from Ch. 108 1/2, par. 15-155

20 40 ILCS 5/15-155.1 new

21 40 ILCS 5/15-157 from Ch. 108 1/2, par. 15-157

22 40 ILCS 5/15-165 from Ch. 108 1/2, par. 15-165

23 40 ILCS 5/16-132 from Ch. 108 1/2, par. 16-132

24 40 ILCS 5/16-133 from Ch. 108 1/2, par. 16-133

25 40 ILCS 5/16-133.2 from Ch. 108 1/2, par. 16-133.2

- 1 40 ILCS 5/16-152 from Ch. 108 1/2, par. 16-152
- 2 40 ILCS 5/16-158 from Ch. 108 1/2, par. 16-158
- 3 40 ILCS 5/16-158.1 from Ch. 108 1/2, par. 16-158.1
- 4 40 ILCS 5/18-124 from Ch. 108 1/2, par. 18-124
- 5 40 ILCS 5/18-125 from Ch. 108 1/2, par. 18-125
- 6 40 ILCS 5/18-131 from Ch. 108 1/2, par. 18-131
- 7 40 ILCS 5/18-133 from Ch. 108 1/2, par. 18-133
- 8 30 ILCS 805/8.37 new