



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB3424

by Rep. Thomas Morrison

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. Provides that the 5 State-funded retirement systems shall establish self-directed retirement plans for all active participants. Provides that, except for certain annuitants who have 30 years of service credit, an annuitant shall not receive an automatic increase in retirement annuity. Requires the Public Pension Division of the Department of Insurance to develop a schedule that, subject to certain requirements, increases the minimum retirement age of active participants who are ineligible to retire as of the effective date of the amendatory Act. Provides that the Division's schedule shall also provide for the adjustment of minimum retirement ages using a matrix that (i) takes into account the current statutory retirement age for various classes of persons and service credit accrued by those persons and (ii) proportionally discounts the increase in statutory retirement ages based on proximity to the currently established minimum retirement age. Requires a participant, except for a participant who is a covered employee under the State Employee Article, to contribute 8% of his or her compensation to the plan and requires the employer to contribute 7% of the participant's compensation to the plan. Establishes a schedule for vesting in employer contributions. Beginning State fiscal year 2016, makes changes to the prescribed funding formulas for the 5 State-funded retirement systems.

LRB099 02641 RPS 22647 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by adding
5 Section 1-161 and by changing Sections 2-124, 2-134, 14-131,
6 14-135.08, 15-155, 15-165, 16-158, 18-131, and 18-140 as
7 follows:

8 (40 ILCS 5/1-161 new)

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

11 (a) For the purposes of this Section:

12 "Active participant" means a person who participates
13 in a State-funded retirement system with respect to service
14 on or after the effective date of this amendatory Act of
15 the 99th General Assembly.

16 "Annuitant" means a person in a State-funded
17 retirement system who receives a retirement annuity from a
18 State-funded retirement system.

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

22 "State-funded retirement system" means a retirement
23 system established under Article 2, 14, 15, 16, or 18 of

1 this Code.

2 (b) An active participant shall participate in the
3 self-directed retirement plan established under subsection (e)
4 with respect to service on or after the effective date of this
5 amendatory Act of the 99th General Assembly.

6 The vested and non-vested benefits that an active
7 participant accrued based on the service credit accrued prior
8 to the effective date of this amendatory Act of the 99th
9 General Assembly shall be paid to the participant based on the
10 participant's final average salary as determined by the
11 applicable State-funded retirement system.

12 (c) No annuitant shall receive an automatic increase in
13 retirement annuity, except for an annuitant who has at least 30
14 years of service credit. No annuitant with at least 30 years of
15 service credit shall receive an automatic increase in
16 retirement annuity for a year in which the annuitant's annual
17 retirement annuity is equal to or greater than the maximum
18 retirement benefit under the federal Social Security Act.
19 Automatic increases in retirement annuities shall not apply to
20 active participants with respect to participation in a
21 self-directed retirement plan established under subsection (e)
22 of this Section.

23 (d) The minimum retirement age of active participants who
24 are ineligible to retire as of the effective date of this
25 amendatory Act of the 99th General Assembly shall be increased
26 according to a schedule developed by the Public Pension

1 Division of the Department of Insurance as soon as practicable
2 after the effective date of this amendatory Act of the 99th
3 General Assembly. The schedule of the minimum retirement ages
4 adopted by administrative rule of the Division shall, at a
5 minimum, ensure (i) that persons who first become active
6 participants on or after the effective date of this amendatory
7 Act of the 99th General Assembly are not eligible to retire
8 until reaching the Social Security Normal Retirement Age and
9 (ii) that persons who are active participants but ineligible to
10 retire as of the effective date of this amendatory Act of the
11 99th General Assembly remain ineligible to retire until
12 reaching age 59. The Division's schedule shall also provide for
13 the adjustment of minimum retirement ages using a matrix (i)
14 that takes into account the current statutory retirement age
15 for various classes of persons and service credit accrued by
16 those persons as of the effective date of this amendatory Act
17 of the 99th General Assembly and (ii) that proportionally
18 discounts the increase in statutory retirement age based on
19 proximity to the currently established minimum retirement age.
20 The minimum retirement age established under this subsection
21 (d) shall not apply to active participants with respect to
22 participation in a self-directed retirement plan established
23 under subsection (e) of this Section.

24 (e) As soon as practicable after the effective date of this
25 amendatory Act of the 99th General Assembly, each State-funded
26 retirement system shall establish a self-directed retirement

1 plan that allows individuals who are active participants and
2 individuals who become active participants on or after the
3 effective date of this amendatory Act of the 99th General
4 Assembly the opportunity to accumulate assets for retirement
5 through a combination of employee and employer contributions
6 that may be invested in mutual funds, collective investment
7 funds, or other investment products and used to purchase
8 annuity contracts, either fixed or variable or a combination
9 thereof. The plan must be qualified under the Internal Revenue
10 Code of 1986.

11 At any time after withdrawal from service, a participant in
12 the self-directed retirement plan shall be entitled to a
13 benefit that is based on the account values attributable to his
14 or her participant contributions and the vested percentage of
15 employer contributions, as well as any investment returns
16 attributable to those contributions. A participant becomes
17 vested in the employer's contributions credited to his or her
18 account according to the following schedule:

19 (1) if the participant has completed less than 2 years
20 of service under the applicable affected retirement system
21 (including service under any participating system if the
22 participant elects to use the reciprocal provisions of
23 Article 20), 0%;

24 (2) if the participant has completed at least 2 but
25 less than 3 years of such service, 25%;

26 (3) if the participant has completed at least 3 but

1 less than 4 years of such service, 50%;

2 (4) if the participant has completed at least 4 but
3 less than 5 years of such service, 75%; and

4 (5) if the participant has completed at least 5 years
5 of such service, 100%.

6 At the time of taking a benefit under the self-directed
7 retirement plan, any employer contributions that have not
8 vested, and the investment returns attributable to those
9 unvested employer contributions, shall be forfeited. Employer
10 contributions that are forfeited shall be held in escrow by the
11 company investing those contributions and shall be used, as
12 directed by the applicable affected retirement system, for
13 future allocations of employer contributions.

14 (f) For service after the effective date of this amendatory
15 Act of the 99th General Assembly, each active participant in
16 the retirement system established under Article 14 of this Code
17 who is a noncovered employee and each active participant in a
18 retirement system established under Article 2, 15, 16, or 18 of
19 this Code shall contribute 8% of his or her salary, earnings,
20 or compensation, whichever is applicable, to the plan in lieu
21 of the contributions otherwise required under the applicable
22 State-funded retirement system. For service after the
23 effective date of this amendatory Act of the 99th General
24 Assembly, the employer of each of those active participants
25 shall contribute 7% of salary, earnings, or compensation,
26 whichever is applicable, to that plan on behalf of the

1 participant.

2 For service after the effective date of this amendatory Act
3 of the 99th General Assembly, each active participant in the
4 retirement system established under Article 14 who is a covered
5 employee shall contribute 3% of compensation to the plan. The
6 employer of each of those participants shall contribute 3% of
7 compensation to the self-directed retirement plan on behalf of
8 the participant.

9 (g) The provisions of this amendatory Act of the 99th
10 General Assembly apply notwithstanding any other law,
11 including Section 1-160 of this Code. If there is a conflict
12 between the provisions of this amendatory Act of the 99th
13 General Assembly and any other law, the provisions of this
14 Section shall control.

15 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

16 Sec. 2-124. Contributions by State.

17 (a) The State shall make contributions to the System by
18 appropriations of amounts which, together with the
19 contributions of participants, interest earned on investments,
20 and other income will meet the cost of maintaining and
21 administering the System on a 100% funded basis in accordance
22 with actuarial recommendations ~~by the end of State fiscal year~~
23 ~~2044.~~

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

1 actuarial tables and other assumptions adopted by the Board and
2 the prescribed rate of interest, using the formula in
3 subsection (c).

4 (c) For State fiscal years 2016 through 2045, the minimum
5 contribution to the System to be made by the State for each
6 fiscal year shall be an amount determined by the System to be
7 sufficient to bring the total assets of the System up to 100%
8 of the total actuarial liabilities of the System by the end of
9 State fiscal year 2045. In making these determinations, the
10 required State contribution shall be calculated each year as a
11 level dollar amount over the years remaining to and including
12 fiscal year 2045 and shall be determined under the entry age
13 normal actuarial cost method.

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

1 ~~2044.~~

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

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

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2006 is
19 \$4,157,000.

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2007 is
22 \$5,220,300.

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

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

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2010 is
5 \$10,454,000 and shall be made from the proceeds of bonds sold
6 in fiscal year 2010 pursuant to Section 7.2 of the General
7 Obligation Bond Act, less (i) the pro rata share of bond sale
8 expenses determined by the System's share of total bond
9 proceeds, (ii) any amounts received from the General Revenue
10 Fund in fiscal year 2010, and (iii) any reduction in bond
11 proceeds due to the issuance of discounted bonds, if
12 applicable.

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

24 Beginning in State fiscal year 2046 ~~2045~~, the minimum State
25 contribution for each fiscal year shall be the amount needed to
26 maintain the total assets of the System at 100% of the total

1 actuarial liabilities of the System.

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

14 Notwithstanding any other provision of this Section, the
15 required State contribution for State fiscal year 2005 and for
16 fiscal year 2008 and each fiscal year thereafter through State
17 fiscal year 2014, as calculated under this Section and
18 certified under Section 2-134, shall not exceed an amount equal
19 to (i) the amount of the required State contribution that would
20 have been calculated under this Section for that fiscal year if
21 the System had not received any payments under subsection (d)
22 of Section 7.2 of the General Obligation Bond Act, minus (ii)
23 the portion of the State's total debt service payments for that
24 fiscal year on the bonds issued in fiscal year 2003 for the
25 purposes of that Section 7.2, as determined and certified by
26 the Comptroller, that is the same as the System's portion of

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

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

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

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

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

2 (Source: P.A. 97-813, eff. 7-13-12; 98-599, eff. 6-1-14.)

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

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

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

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

1 certification of the required State contributions. On or before
2 January 15, 2013 and every January 15 thereafter, the Board
3 shall certify to the Governor and the General Assembly the
4 amount of the required State contribution for the next fiscal
5 year. The Board's certification must note any deviations from
6 the State Actuary's recommended changes, the reason or reasons
7 for not following the State Actuary's recommended changes, and
8 the fiscal impact of not following the State Actuary's
9 recommended changes on the required State contribution.

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

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

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

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

1 following the State Actuary's recommended changes.

2 (a-6) As soon as practical after the effective date of this
3 amendatory Act of the 99th General Assembly, the State Actuary
4 and the Board shall recalculate and recertify to the Governor
5 and the General Assembly the amount of the State contribution
6 to the System for State fiscal year 2016, taking into account
7 the changes in required State contributions made by this
8 amendatory Act of the 99th General Assembly.

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

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

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

13 (Source: P.A. 97-694, eff. 6-18-12; 98-599, eff. 6-1-14.)

14 (40 ILCS 5/14-131)

15 Sec. 14-131. Contributions by State.

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

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

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

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

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

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

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

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

13 (c-1) Notwithstanding subsection (c) of this Section, for
14 fiscal years 2010, 2012, 2013, 2014, and 2015 only,
15 contributions by the several departments are not required to be
16 made for General Revenue Funds payrolls processed by the
17 Comptroller. Payrolls paid by the several departments from all
18 other State funds must continue to be processed pursuant to
19 subsection (c) of this Section.

20 (c-2) For State fiscal years 2010, 2012, 2013, 2014, and
21 2015 only, on or as soon as possible after the 15th day of each
22 month, the Board shall submit vouchers for payment of State
23 contributions to the System, in a total monthly amount of
24 one-twelfth of the fiscal year General Revenue Fund
25 contribution as certified by the System pursuant to Section
26 14-135.08 of the Illinois Pension Code.

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

15 (e) For State fiscal years 2016 through 2045, the minimum
16 contribution to the System to be made by the State for each
17 fiscal year shall be an amount determined by the System to be
18 sufficient to bring the total assets of the System up to 100%
19 of the total actuarial liabilities of the System by the end of
20 State fiscal year 2045. In making these determinations, the
21 required State contribution shall be calculated each year as a
22 level dollar amount over the years remaining to and including
23 fiscal year 2045 and shall be determined under the entry age
24 normal actuarial cost method.

25 For State fiscal year ~~years~~ 2015 ~~through 2044~~, the minimum
26 contribution to the System to be made by the State for the ~~each~~

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

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

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

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

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

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

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

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

23 Beginning in State fiscal year 2046 ~~2045~~, the minimum State
24 contribution for each fiscal year shall be the amount needed to
25 maintain the total assets of the System at 100% of the total
26 actuarial liabilities of the System.

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

13 Notwithstanding any other provision of this Section, the
14 required State contribution for State fiscal year 2005 and for
15 fiscal year 2008 and each fiscal year thereafter through State
16 fiscal year 2014, as calculated under this Section and
17 certified under Section 14-135.08, shall not exceed an amount
18 equal to (i) the amount of the required State contribution that
19 would have been calculated under this Section for that fiscal
20 year if the System had not received any payments under
21 subsection (d) of Section 7.2 of the General Obligation Bond
22 Act, minus (ii) the portion of the State's total debt service
23 payments for that fiscal year on the bonds issued in fiscal
24 year 2003 for the purposes of that Section 7.2, as determined
25 and certified by the Comptroller, that is the same as the
26 System's portion of the total moneys distributed under

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

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

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

10 (g) 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 (h) 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 (i) After the submission of all payments for eligible
26 employees from personal services line items paid from the

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

22 (j) After the submission of all payments for eligible
23 employees from personal services line items paid from the
24 General Revenue Fund in fiscal year 2011 have been made, the
25 Comptroller shall provide to the System a certification of the
26 sum of all fiscal year 2011 expenditures for personal services

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

19 (k) For fiscal years 2012 through 2015 only, after the
20 submission of all payments for eligible employees from personal
21 services line items paid from the General Revenue Fund in the
22 fiscal year have been made, the Comptroller shall provide to
23 the System a certification of the sum of all expenditures in
24 the fiscal year for personal services. Upon receipt of the
25 certification, the System shall determine the amount due to the
26 System based on the full rate certified by the Board under

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

14 (Source: P.A. 97-72, eff. 7-1-11; 97-732, eff. 6-30-12; 98-24,
15 eff. 6-19-13; 98-599, eff. 6-1-14; 98-674, eff. 6-30-14.)

16 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

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

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

1 for that fiscal year.

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

22 (a-10) For purposes of Section (c-5) of Section 20 of the
23 Budget Stabilization Act, on or before November 1 of each year
24 beginning November 1, 2014, the Board shall determine the
25 amount of the State contribution to the System that would have
26 been required for the next fiscal year if this amendatory Act

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

23 (b) The certifications under subsections (a) and (a-5)
24 shall include an additional amount necessary to pay all
25 principal of and interest on those general obligation bonds due
26 the next fiscal year authorized by Section 7.2(a) of the

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

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

22 On or before July 1, 2005, the Board shall recalculate and
23 recertify to the Governor and to each department the amount of
24 the required State contribution to the System and the required
25 rates for State contributions to the System for State fiscal
26 year 2006, taking into account the changes in required State

1 contributions made by this amendatory Act of the 94th General
2 Assembly.

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

9 (b-5) As soon as practical after the effective date of this
10 amendatory Act of the 99th General Assembly, the State Actuary
11 and the Board shall recalculate and recertify to the Governor
12 and the General Assembly the amount of the State contribution
13 to the System for State fiscal year 2016, taking into account
14 the changes in required State contributions made by this
15 amendatory Act of the 99th General Assembly.

16 (Source: P.A. 97-694, eff. 6-18-12; 98-599, eff. 6-1-14.)

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

18 Sec. 15-155. Employer contributions.

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

1 ~~State fiscal year 2044.~~

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

7 (a-1) For State fiscal years 2016 through 2045, the minimum
8 contribution to the System to be made by the State for each
9 fiscal year shall be an amount determined by the System to be
10 sufficient to bring the total assets of the System up to 100%
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 dollar amount over the years remaining to and including
15 fiscal year 2045 and shall be determined under the entry age
16 normal actuarial cost method.

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

1 fiscal year 2044 and shall be determined under the projected
2 unit cost method ~~for fiscal year 2015 and under the entry age~~
3 ~~normal actuarial cost method for fiscal years 2016 through~~
4 ~~2044.~~

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

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

20 Notwithstanding any other provision of this Article, the
21 total required State contribution for State fiscal year 2006 is
22 \$166,641,900.

23 Notwithstanding any other provision of this Article, the
24 total required State contribution for State fiscal year 2007 is
25 \$252,064,100.

26 For each of State fiscal years 2008 through 2009, the State

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

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2010 is
8 \$702,514,000 and shall be made from the State Pensions Fund and
9 proceeds of bonds sold in fiscal year 2010 pursuant to Section
10 7.2 of the General Obligation Bond Act, less (i) the pro rata
11 share of bond sale expenses determined by the System's share of
12 total bond proceeds, (ii) any amounts received from the General
13 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
14 proceeds due to the issuance of discounted bonds, if
15 applicable.

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

1 Beginning in State fiscal year 2046 ~~2045~~, the minimum
2 contribution for each fiscal year shall be the amount needed to
3 maintain the total assets of the System at 100% of the total
4 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 100%. A reference in this Article to
14 the "required State contribution" or any substantially similar
15 term does not include or apply to any amounts payable to the
16 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 2014, as calculated under this Section and
21 certified under Section 15-165, 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) If an employee is paid from trust or federal funds, the
17 employer shall pay to the Board contributions from those funds
18 which are sufficient to cover the accruing normal costs on
19 behalf of the employee. However, universities having employees
20 who are compensated out of local auxiliary funds, income funds,
21 or service enterprise funds are not required to pay such
22 contributions on behalf of those employees. The local auxiliary
23 funds, income funds, and service enterprise funds of
24 universities shall not be considered trust funds for the
25 purpose of this Article, but funds of alumni associations,
26 foundations, and athletic associations which are affiliated

1 with the universities included as employers under this Article
2 and other employers which do not receive State appropriations
3 are considered to be trust funds for the purpose of this
4 Article.

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

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

1 payable solely from appropriations to the Illinois Community
2 College Board or the System for employer contributions.

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

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

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

20 (g) If the amount of a participant's earnings for any
21 academic year used to determine the final rate of earnings,
22 determined on a full-time equivalent basis, exceeds the amount
23 of his or her earnings with the same employer for the previous
24 academic year, determined on a full-time equivalent basis, by
25 more than 6%, the participant's employer shall pay to the
26 System, in addition to all other payments required under this

1 Section and in accordance with guidelines established by the
2 System, the present value of the increase in benefits resulting
3 from the portion of the increase in earnings that is in excess
4 of 6%. This present value shall be computed by the System on
5 the basis of the actuarial assumptions and tables used in the
6 most recent actuarial valuation of the System that is available
7 at the time of the computation. The System may require the
8 employer to provide any pertinent information or
9 documentation.

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

25 The employer contributions required under this subsection
26 (g) may be paid in the form of a lump sum within 90 days after

1 receipt of the bill. If the employer contributions are not paid
2 within 90 days after receipt of the bill, then interest will be
3 charged at a rate equal to the System's annual actuarially
4 assumed rate of return on investment compounded annually from
5 the 91st day after receipt of the bill. Payments must be
6 concluded within 3 years after the employer's receipt of the
7 bill.

8 (h) This subsection (h) applies only to payments made or
9 salary increases given on or after June 1, 2005 but before July
10 1, 2011. The changes made by Public Act 94-1057 shall not
11 require the System to refund any payments received before July
12 31, 2006 (the effective date of Public Act 94-1057).

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

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

22 When assessing payment for any amount due under subsection
23 (g), the System shall exclude earnings increases resulting from
24 overload work, including a contract for summer teaching, or
25 overtime when the employer has certified to the System, and the
26 System has approved the certification, that: (i) in the case of

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

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

24 (i) When assessing payment for any amount due under
25 subsection (g), the System shall exclude any salary increase
26 described in subsection (h) of this Section given on or after

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

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

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

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

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

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

23 (k) The Illinois Community College Board shall adopt rules
24 for recommending lists of promotional positions submitted to
25 the Board by community colleges and for reviewing the
26 promotional lists on an annual basis. When recommending

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

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

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

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

1 (Source: P.A. 97-813, eff. 7-13-12; 98-92, eff. 7-16-13;
2 98-463, eff. 8-16-13; 98-599, eff. 6-1-14.)

3 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

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

5 (a) The Board shall certify to the Governor on or before
6 November 15 of each year until November 15, 2011 the
7 appropriation required from State funds for the purposes of
8 this System for the following fiscal year. The certification
9 under this subsection (a) shall include a copy of the actuarial
10 recommendations upon which it is based and shall specifically
11 identify the System's projected State normal cost for that
12 fiscal year and the projected State cost for the self-managed
13 plan for that fiscal year.

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

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

25 On or before April 1, 2011, the Board shall recalculate and

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

6 (a-5) On or before November 1 of each year, beginning
7 November 1, 2012, the Board shall submit to the State Actuary,
8 the Governor, and the General Assembly a proposed certification
9 of the amount of the required State contribution to the System
10 for the next fiscal year, along with all of the actuarial
11 assumptions, calculations, and data upon which that proposed
12 certification is based. On or before January 1 of each year,
13 beginning January 1, 2013, the State Actuary shall issue a
14 preliminary report concerning the proposed certification and
15 identifying, if necessary, recommended changes in actuarial
16 assumptions that the Board must consider before finalizing its
17 certification of the required State contributions. On or before
18 January 15, 2013 and each January 15 thereafter, the Board
19 shall certify to the Governor and the General Assembly the
20 amount of the required State contribution for the next fiscal
21 year. The Board's certification must note, in a written
22 response to the State Actuary, any deviations from the State
23 Actuary's recommended changes, the reason or reasons for not
24 following the State Actuary's recommended changes, and the
25 fiscal impact of not following the State Actuary's recommended
26 changes on the required State contribution.

1 (a-6) As soon as practical after the effective date of this
2 amendatory Act of the 99th General Assembly, the State Actuary
3 and the Board shall recalculate and recertify to the Governor
4 and the General Assembly the amount of the State contribution
5 to the System for State fiscal year 2016, taking into account
6 the changes in required State contributions made by this
7 amendatory Act of the 99th General Assembly.

8 (a-10) For purposes of Section (c-5) of Section 20 of the
9 Budget Stabilization Act, on or before November 1 of each year
10 beginning November 1, 2014, the Board shall determine the
11 amount of the State contribution to the System that would have
12 been required for the next fiscal year if this amendatory Act
13 of the 98th General Assembly had not taken effect, using the
14 best and most recent available data but based on the law in
15 effect on May 31, 2014. The Board shall submit to the State
16 Actuary, the Governor, and the General Assembly a proposed
17 certification, along with the relevant law, actuarial
18 assumptions, calculations, and data upon which that
19 certification is based. On or before January 1, 2015 and every
20 January 1 thereafter, the State Actuary shall issue a
21 preliminary report concerning the proposed certification and
22 identifying, if necessary, recommended changes in actuarial
23 assumptions that the Board must consider before finalizing its
24 certification. On or before January 15, 2015 and every January
25 1 thereafter, the Board shall certify to the Governor and the
26 General Assembly the amount of the State contribution to the

1 System that would have been required for the next fiscal year
2 if this amendatory Act of the 98th General Assembly had not
3 taken effect, using the best and most recent available data but
4 based on the law in effect on May 31, 2014. The Board's
5 certification must note any deviations from the State Actuary's
6 recommended changes, the reason or reasons for not following
7 the State Actuary's recommended changes, and the impact of not
8 following the State Actuary's recommended changes.

9 (b) The Board shall certify to the State Comptroller or
10 employer, as the case may be, from time to time, by its
11 chairperson and secretary, with its seal attached, the amounts
12 payable to the System from the various funds.

13 (c) Beginning in State fiscal year 1996, on or as soon as
14 possible after the 15th day of each month the Board shall
15 submit vouchers for payment of State contributions to the
16 System, in a total monthly amount of one-twelfth of the
17 required annual State contribution certified under subsection
18 (a). From the effective date of this amendatory Act of the 93rd
19 General Assembly through June 30, 2004, the Board shall not
20 submit vouchers for the remainder of fiscal year 2004 in excess
21 of the fiscal year 2004 certified contribution amount
22 determined under this Section after taking into consideration
23 the transfer to the System under subsection (b) of Section
24 6z-61 of the State Finance Act. These vouchers shall be paid by
25 the State Comptroller and Treasurer by warrants drawn on the
26 funds appropriated to the System for that fiscal year.

1 If in any month the amount remaining unexpended from all
2 other appropriations to the System for the applicable fiscal
3 year (including the appropriations to the System under Section
4 8.12 of the State Finance Act and Section 1 of the State
5 Pension Funds Continuing Appropriation Act) is less than the
6 amount lawfully vouchered under this Section, the difference
7 shall be paid from the General Revenue Fund under the
8 continuing appropriation authority provided in Section 1.1 of
9 the State Pension Funds Continuing Appropriation Act.

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

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

1 under Section 15-158.2 and to the employer's portion of the
2 normal costs of the System, as calculated in accordance with
3 Section 15-155(a-1).

4 (Source: P.A. 97-694, eff. 6-18-12; 98-92, eff. 7-16-13;
5 98-599, eff. 6-1-14.)

6 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)
7 Sec. 16-158. Contributions by State and other employing
8 units.

9 (a) The State shall make contributions to the System by
10 means of appropriations from the Common School Fund and other
11 State funds of amounts which, together with other employer
12 contributions, employee contributions, investment income, and
13 other income, will be sufficient to meet the cost of
14 maintaining and administering the System on a 100% funded basis
15 in accordance with actuarial recommendations ~~by the end of~~
16 ~~State fiscal year 2044.~~

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

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

1 of the actuarial recommendations upon which it is based.

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

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

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

19 (a-5) On or before November 1 of each year, beginning
20 November 1, 2012, the Board shall submit to the State Actuary,
21 the Governor, and the General Assembly a proposed certification
22 of the amount of the required State contribution to the System
23 for the next fiscal year, along with all of the actuarial
24 assumptions, calculations, and data upon which that proposed
25 certification is based. On or before January 1 of each year,
26 beginning January 1, 2013, the State Actuary shall issue a

1 preliminary report concerning the proposed certification and
2 identifying, if necessary, recommended changes in actuarial
3 assumptions that the Board must consider before finalizing its
4 certification of the required State contributions.

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

17 (a-6) As soon as practical after the effective date of this
18 amendatory Act of the 99th General Assembly, the State Actuary
19 and the Board shall recalculate and recertify to the Governor
20 and the General Assembly the amount of the State contribution
21 to the System for State fiscal year 2016, taking into account
22 the changes in required State contributions made by this
23 amendatory Act of the 99th General Assembly.

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

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

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

1 the School Code.

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

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

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

1 diminished or affected by the provisions of this Article.

2 (b-3) For State fiscal years 2016 through 2045, the minimum
3 contribution to the System to be made by the State for each
4 fiscal year shall be an amount determined by the System to be
5 sufficient to bring the total assets of the System up to 100%
6 of the total actuarial liabilities of the System by the end of
7 State fiscal year 2045. In making these determinations, the
8 required State contribution shall be calculated each year as a
9 level dollar amount over the years remaining to and including
10 fiscal year 2045 and shall be determined under the entry age
11 normal actuarial cost method.

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

26 For State fiscal years 2012 through 2014, the minimum

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

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

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

1 \$534,627,700.

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

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

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

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

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

10 Beginning in State fiscal year 2046 ~~2045~~, the minimum State
11 contribution for each fiscal year shall be the amount needed to
12 maintain the total assets of the System at 100% of the total
13 actuarial liabilities of the System.

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

26 Notwithstanding any other provision of this Section, the

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

25 (c) Payment of the required State contributions and of all
26 pensions, retirement annuities, death benefits, refunds, and

1 other benefits granted under or assumed by this System, and all
2 expenses in connection with the administration and operation
3 thereof, are obligations of the State.

4 If members are paid from special trust or federal funds
5 which are administered by the employing unit, whether school
6 district or other unit, the employing unit shall pay to the
7 System from such funds the full accruing retirement costs based
8 upon that service, which, beginning July 1, 2014, shall be at a
9 rate, expressed as a percentage of salary, equal to the total
10 minimum contribution to the System to be made by the State for
11 that fiscal year, including both normal cost and unfunded
12 liability components, expressed as a percentage of payroll, as
13 determined by the System under subsection (b-3) of this
14 Section. Employer contributions, based on salary paid to
15 members from federal funds, may be forwarded by the
16 distributing agency of the State of Illinois to the System
17 prior to allocation, in an amount determined in accordance with
18 guidelines established by such agency and the System. Any
19 contribution for fiscal year 2015 collected as a result of the
20 change made by this amendatory Act of the 98th General Assembly
21 shall be considered a State contribution under subsection (b-3)
22 of this Section.

23 (d) Effective July 1, 1986, any employer of a teacher as
24 defined in paragraph (8) of Section 16-106 shall pay the
25 employer's normal cost of benefits based upon the teacher's
26 service, in addition to employee contributions, as determined

1 by the System. Such employer contributions shall be forwarded
2 monthly in accordance with guidelines established by the
3 System.

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

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

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

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

25 The school district or other employing unit may pay these
26 employer contributions out of any source of funding available

1 for that purpose and shall forward the contributions to the
2 System on the schedule established for the payment of member
3 contributions.

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

7 Each employer of teachers is entitled to a credit against
8 the contributions required under this subsection (e) with
9 respect to salaries paid to teachers for the period January 1,
10 2002 through June 30, 2003, equal to the amount paid by that
11 employer under subsection (a-5) of Section 6.6 of the State
12 Employees Group Insurance Act of 1971 with respect to salaries
13 paid to teachers for that period.

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

19 If an employer is required by a contract in effect on May
20 1, 1998 between the employer and an employee organization to
21 pay, on behalf of all its full-time employees covered by this
22 Article, all mandatory employee contributions required under
23 this Article, then the employer shall be excused from paying
24 the employer contribution required under this subsection (e)
25 for the balance of the term of that contract. The employer and
26 the employee organization shall jointly certify to the System

1 the existence of the contractual requirement, in such form as
2 the System may prescribe. This exclusion shall cease upon the
3 termination, extension, or renewal of the contract at any time
4 after May 1, 1998.

5 (f) If the amount of a teacher's salary for any school year
6 used to determine final average salary exceeds the member's
7 annual full-time salary rate with the same employer for the
8 previous school year by more than 6%, the teacher's employer
9 shall pay to the System, in addition to all other payments
10 required under this Section and in accordance with guidelines
11 established by the System, the present value of the increase in
12 benefits resulting from the portion of the increase in salary
13 that is in excess of 6%. This present value shall be computed
14 by the System on the basis of the actuarial assumptions and
15 tables used in the most recent actuarial valuation of the
16 System that is available at the time of the computation. If a
17 teacher's salary for the 2005-2006 school year is used to
18 determine final average salary under this subsection (f), then
19 the changes made to this subsection (f) by Public Act 94-1057
20 shall apply in calculating whether the increase in his or her
21 salary is in excess of 6%. For the purposes of this Section,
22 change in employment under Section 10-21.12 of the School Code
23 on or after June 1, 2005 shall constitute a change in employer.
24 The System may require the employer to provide any pertinent
25 information or documentation. The changes made to this
26 subsection (f) by this amendatory Act of the 94th General

1 Assembly apply without regard to whether the teacher was in
2 service on or after its effective date.

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

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

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

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

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

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

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude a salary increase resulting from
26 a promotion (i) for which the employee is required to hold a

1 certificate or supervisory endorsement issued by the State
2 Teacher Certification Board that is a different certification
3 or supervisory endorsement than is required for the teacher's
4 previous position and (ii) to a position that has existed and
5 been filled by a member for no less than one complete academic
6 year and the salary increase from the promotion is an increase
7 that results in an amount no greater than the lesser of the
8 average salary paid for other similar positions in the district
9 requiring the same certification or the amount stipulated in
10 the collective bargaining agreement for a similar position
11 requiring the same certification.

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

18 (h) When assessing payment for any amount due under
19 subsection (f), the System shall exclude any salary increase
20 described in subsection (g) 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 (f) of this Section.

2 (i) 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 (j) 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 (k) 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 (Source: P.A. 97-694, eff. 6-18-12; 97-813, eff. 7-13-12;
7 98-599, eff. 6-1-14; 98-674, eff. 6-30-14.)

8 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

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

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

21 (c) For State fiscal years 2016 through 2045, the minimum
22 contribution to the System to be made by the State for each
23 fiscal year shall be an amount determined by the System to be
24 sufficient to bring the total assets of the System up to 100%
25 of the total actuarial liabilities of the System by the end of

1 State fiscal year 2045. In making these determinations, the
2 required State contribution shall be calculated each year as a
3 level dollar amount over the years remaining to and including
4 fiscal year 2045 and shall be determined under the entry age
5 normal actuarial cost method.

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

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

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2006 is
23 \$29,189,400.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2007 is
26 \$35,236,800.

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

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

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

1 applicable.

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

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

18 Notwithstanding any other provision of this Section, the
19 required State contribution for State fiscal year 2005 and for
20 fiscal year 2008 and each fiscal year thereafter through State
21 fiscal year 2015, as calculated under this Section and
22 certified under Section 18-140, shall not exceed an amount
23 equal to (i) the amount of the required State contribution that
24 would have been calculated under this Section for that fiscal
25 year if the System had not received any payments under
26 subsection (d) of Section 7.2 of the General Obligation Bond

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

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

9 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

10 Sec. 18-140. To certify required State contributions and
11 submit vouchers.

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

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

1 assumptions, calculations, and data upon which that proposed
2 certification is based. On or before January 1 of each year
3 beginning January 1, 2013, the State Actuary shall issue a
4 preliminary report concerning the proposed certification and
5 identifying, if necessary, recommended changes in actuarial
6 assumptions that the Board must consider before finalizing its
7 certification of the required State contributions. On or before
8 January 15, 2013 and every January 15 thereafter, the Board
9 shall certify to the Governor and the General Assembly the
10 amount of the required State contribution for the next fiscal
11 year. The Board's certification must note any deviations from
12 the State Actuary's recommended changes, the reason or reasons
13 for not following the State Actuary's recommended changes, and
14 the fiscal impact of not following the State Actuary's
15 recommended changes on the required State contribution.

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

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

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

7 As soon as practical after the effective date of this
8 amendatory Act of the 99th General Assembly, the State Actuary
9 and the Board shall recalculate and recertify to the Governor
10 and the General Assembly the amount of the State contribution
11 to the System for State fiscal year 2016, taking into account
12 the changes in required State contributions made by this
13 amendatory Act of the 99th General Assembly.

14 (b) Beginning in State fiscal year 1996, on or as soon as
15 possible after the 15th day of each month the Board shall
16 submit vouchers for payment of State contributions to the
17 System, in a total monthly amount of one-twelfth of the
18 required annual State contribution certified under subsection
19 (a). From the effective date of this amendatory Act of the 93rd
20 General Assembly through June 30, 2004, the Board shall not
21 submit vouchers for the remainder of fiscal year 2004 in excess
22 of the fiscal year 2004 certified contribution amount
23 determined under this Section after taking into consideration
24 the transfer to the System under subsection (c) of Section
25 6z-61 of the State Finance Act. These vouchers shall be paid by
26 the State Comptroller and Treasurer by warrants drawn on the

1 funds appropriated to the System for that fiscal year.

2 If in any month the amount remaining unexpended from all
3 other appropriations to the System for the applicable fiscal
4 year (including the appropriations to the System under Section
5 8.12 of the State Finance Act and Section 1 of the State
6 Pension Funds Continuing Appropriation Act) is less than the
7 amount lawfully vouchered under this Section, the difference
8 shall be paid from the General Revenue Fund under the
9 continuing appropriation authority provided in Section 1.1 of
10 the State Pension Funds Continuing Appropriation Act.

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

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40 ILCS 5/2-134

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40 ILCS 5/14-131

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40 ILCS 5/14-135.08

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40 ILCS 5/15-155

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