

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 15-106, 15-107, 15-110, 15-111, 15-113.11, 15-155,
6 15-158.2, 15-168, and 15-168.2 and by adding Sections 15-111.5
7 and 15-113.12 as follows:

8 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

9 (Text of Section WITHOUT the changes made by P.A. 98-599,
10 which has been held unconstitutional)

11 Sec. 15-106. Employer. "Employer": The University of
12 Illinois, Southern Illinois University, Chicago State
13 University, Eastern Illinois University, Governors State
14 University, Illinois State University, Northeastern Illinois
15 University, Northern Illinois University, Western Illinois
16 University, the State Board of Higher Education, the Illinois
17 Mathematics and Science Academy, the University Civil Service
18 Merit Board, the Board of Trustees of the State Universities
19 Retirement System, the Illinois Community College Board,
20 community college boards, any association of community college
21 boards organized under Section 3-55 of the Public Community
22 College Act, the Board of Examiners established under the
23 Illinois Public Accounting Act, and, only during the period for

1 which employer contributions required under Section 15-155 are
2 paid, the following organizations: the alumni associations,
3 the foundations and the athletic associations which are
4 affiliated with the universities and colleges included in this
5 Section as employers. An individual who begins employment on or
6 after the effective date of this amendatory Act of the 99th
7 General Assembly with any association of community college
8 boards organized under Section 3-55 of the Public Community
9 College Act, the Association of Illinois Middle-Grade Schools,
10 the Illinois Association of School Administrators, the
11 Illinois Association for Supervision and Curriculum
12 Development, the Illinois Principals Association, the Illinois
13 Association of School Business Officials, the Illinois Special
14 Olympics, or an entity not defined as an employer in this
15 Section shall not be deemed an employee for the purposes of
16 this Article with respect to that employment and shall not be
17 eligible to participate in the System with respect to that
18 employment; provided, however, that those individuals who are
19 both employed by such an entity and are participating in the
20 System with respect to that employment on the effective date of
21 this amendatory Act of the 99th General Assembly shall be
22 allowed to continue as participants in the System for the
23 duration of that employment.

24 A department as defined in Section 14-103.04 is an employer
25 for any person appointed by the Governor under the Civil
26 Administrative Code of Illinois who is a participating employee

1 as defined in Section 15-109. The Department of Central
2 Management Services is an employer with respect to persons
3 employed by the State Board of Higher Education in positions
4 with the Illinois Century Network as of June 30, 2004 who
5 remain continuously employed after that date by the Department
6 of Central Management Services in positions with the Illinois
7 Century Network, the Bureau of Communication and Computer
8 Services, or, if applicable, any successor bureau.

9 The cities of Champaign and Urbana shall be considered
10 employers, but only during the period for which contributions
11 are required to be made under subsection (b-1) of Section
12 15-155 and only with respect to individuals described in
13 subsection (h) of Section 15-107.

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

16 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)

17 (Text of Section WITHOUT the changes made by P.A. 98-599,
18 which has been held unconstitutional)

19 Sec. 15-107. Employee.

20 (a) "Employee" means any member of the educational,
21 administrative, secretarial, clerical, mechanical, labor or
22 other staff of an employer whose employment is permanent and
23 continuous or who is employed in a position in which services
24 are expected to be rendered on a continuous basis for at least
25 4 months or one academic term, whichever is less, who (A)

1 receives payment for personal services on a warrant issued
2 pursuant to a payroll voucher certified by an employer and
3 drawn by the State Comptroller upon the State Treasurer or by
4 an employer upon trust, federal or other funds, or (B) is on a
5 leave of absence without pay. Employment which is irregular,
6 intermittent or temporary shall not be considered continuous
7 for purposes of this paragraph.

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

9 (1) is a student enrolled in and regularly attending
10 classes in a college or university which is an employer,
11 and is employed on a temporary basis at less than full
12 time;

13 (2) is currently receiving a retirement annuity or a
14 disability retirement annuity under Section 15-153.2 from
15 this System;

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

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

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

24 (6) is hired after June 30, 1979 as a public service
25 employment program participant under the Federal
26 Comprehensive Employment and Training Act and receives

1 earnings in whole or in part from funds provided under that
2 Act; or

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

8 (b) Any employer may, by filing a written notice with the
9 board, exclude from the definition of "employee" all persons
10 employed pursuant to a federally funded contract entered into
11 after July 1, 1982 with a federal military department in a
12 program providing training in military courses to federal
13 military personnel on a military site owned by the United
14 States Government, if this exclusion is not prohibited by the
15 federally funded contract or federal laws or rules governing
16 the administration of the contract.

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

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

24 (e) A participant is considered an employee during (1) the
25 first 60 days of disability leave, (2) the period, not to
26 exceed one year, in which his or her eligibility for disability

1 benefits is being considered by the board or reviewed by the
2 courts, and (3) the period he or she receives disability
3 benefits under the provisions of Section 15-152, workers'
4 compensation or occupational disease benefits, or disability
5 income under an insurance contract financed wholly or partially
6 by the employer.

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

13 (g) A staff member whose employment contract requires
14 services during an academic term is to be considered an
15 employee during the summer and other vacation periods, unless
16 he or she declines an employment contract for the succeeding
17 academic term or his or her employment status is otherwise
18 terminated, and he or she receives no earnings during these
19 periods.

20 (h) An individual who was a participating employee employed
21 in the fire department of the University of Illinois's
22 Champaign-Urbana campus immediately prior to the elimination
23 of that fire department and who immediately after the
24 elimination of that fire department became employed by the fire
25 department of the City of Urbana or the City of Champaign shall
26 continue to be considered as an employee for purposes of this

1 Article for so long as the individual remains employed as a
2 firefighter by the City of Urbana or the City of Champaign. The
3 individual shall cease to be considered an employee under this
4 subsection (h) upon the first termination of the individual's
5 employment as a firefighter by the City of Urbana or the City
6 of Champaign.

7 (i) An individual who is employed on a full-time basis as
8 an officer or employee of a statewide teacher organization that
9 serves System participants or an officer of a national teacher
10 organization that serves System participants may participate
11 in the System and shall be deemed an employee, provided that
12 (1) the individual has previously earned creditable service
13 under this Article, (2) the individual files with the System an
14 irrevocable election to become a participant before the
15 effective date of this amendatory Act of the 97th General
16 Assembly, (3) the individual does not receive credit for that
17 employment under any other Article of this Code, and (4) the
18 individual first became a full-time employee of the teacher
19 organization and becomes a participant before the effective
20 date of this amendatory Act of the 97th General Assembly. An
21 employee under this subsection (i) is responsible for paying to
22 the System both (A) employee contributions based on the actual
23 compensation received for service with the teacher
24 organization and (B) employer contributions equal to the normal
25 costs (as defined in Section 15-155) resulting from that
26 service; all or any part of these contributions may be paid on

1 the employee's behalf or picked up for tax purposes (if
2 authorized under federal law) by the teacher organization.

3 A person who is an employee as defined in this subsection
4 (i) may establish service credit for similar employment prior
5 to becoming an employee under this subsection by paying to the
6 System for that employment the contributions specified in this
7 subsection, plus interest at the effective rate from the date
8 of service to the date of payment. However, credit shall not be
9 granted under this subsection for any such prior employment for
10 which the applicant received credit under any other provision
11 of this Code, or during which the applicant was on a leave of
12 absence under Section 15-113.2.

13 (j) A person employed by the State Board of Higher
14 Education in a position with the Illinois Century Network as of
15 June 30, 2004 shall be considered to be an employee for so long
16 as he or she remains continuously employed after that date by
17 the Department of Central Management Services in a position
18 with the Illinois Century Network, the Bureau of Communication
19 and Computer Services, or, if applicable, any successor bureau
20 and meets the requirements of subsection (a).

21 (k) The Board shall promulgate rules with respect to
22 determining whether any person is an employee within the
23 meaning of this Section. In the case of doubt as to whether any
24 person is an employee within the meaning of this Section or any
25 rule adopted by the Board, the decision of the Board shall be
26 final.

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

2 (40 ILCS 5/15-110) (from Ch. 108 1/2, par. 15-110)

3 Sec. 15-110. Basic compensation. "Basic compensation":
4 Subject to Section 15-111.5, the ~~The~~ gross basic rate of salary
5 or wages payable by an employer, including:

6 (1) the value of maintenance, board, living quarters,
7 personal laundry, or other allowances furnished in lieu of
8 salary which are considered gross income under the federal
9 ~~Federal~~ Internal Revenue Code of 1986, as amended;~~7~~

10 (2) the employee contributions required under Section
11 15-157;~~7~~ and

12 (3) the amount paid by any employer to a custodial
13 account for investment in regulated investment company
14 stocks for the benefit of the employee pursuant to the
15 University Employees Custodial Accounts Act; "An Act in
16 relation to payments to custodial accounts for the benefit
17 of employees of public institutions of higher education",
18 approved September 9, 1983, and

19 (4) the amount of the premium payable by any employer
20 to an insurance company or companies on an annuity
21 contract, pursuant to the employee's election to accept a
22 reduction in earnings or forego an increase in earnings
23 under Section 30c of the State Finance Act "An Act in
24 relation to State Finance," approved June 10, 1919, as
25 amended, or a tax-sheltered annuity plan approved by any

1 employer; and

2 (5) the amount of any elective deferral to a deferred
3 compensation plan established under Article 24 of this Code
4 pursuant to Section 457(b) of the federal Internal Revenue
5 Code of 1986, as amended.

6 Basic compensation does not include (1) salary or wages for
7 overtime or other extra service; (2) prospective salary or
8 wages under a summer teaching contract not yet entered upon;
9 and (3) overseas differential allowances, quarters allowances,
10 post allowances, educational allowances and transportation
11 allowances paid by an employer under a contract with the
12 federal government or its agencies for services rendered in
13 other countries. If an employee elects to receive in lieu of
14 cash salary or wages, fringe benefits which are not taxable
15 under the federal ~~Federal~~ Internal Revenue Code of 1986, as
16 amended, the amount of the cash salary or wages which is waived
17 shall be included in determining basic compensation.

18 (Source: P.A. 84-1308.)

19 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

20 (Text of Section WITHOUT the changes made by P.A. 98-599,
21 which has been held unconstitutional)

22 Sec. 15-111. Earnings.

23 (a) "Earnings": Subject to Section 15-111.5, an ~~An~~ amount
24 paid for personal services equal to the sum of the basic
25 compensation plus extra compensation for summer teaching,

1 overtime or other extra service. For periods for which an
2 employee receives service credit under subsection (c) of
3 Section 15-113.1 or Section 15-113.2, earnings are equal to the
4 basic compensation on which contributions are paid by the
5 employee during such periods. Compensation for employment
6 which is irregular, intermittent and temporary shall not be
7 considered earnings, unless the participant is also receiving
8 earnings from the employer as an employee under Section 15-107.

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

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

17 (2) "Earnings" includes transition pay paid to the
18 employee before the effective date of this amendatory Act
19 of the 91st General Assembly only if (i) employee
20 contributions under Section 15-157 have been withheld from
21 that transition pay or (ii) the employee pays to the System
22 before January 1, 2001 an amount representing employee
23 contributions under Section 15-157 on that transition pay.
24 Employee contributions under item (ii) may be paid in a
25 lump sum, by withholding from additional transition pay
26 accruing before January 1, 2001, or in any other manner

1 approved by the System. Upon payment of the employee
2 contributions on transition pay, the corresponding
3 employer contributions become an obligation of the State.

4 (b) For a Tier 2 member, the annual earnings shall not
5 exceed \$106,800; however, that amount shall annually
6 thereafter be increased by the lesser of (i) 3% of that amount,
7 including all previous adjustments, or (ii) one half the annual
8 unadjusted percentage increase (but not less than zero) in the
9 consumer price index-u for the 12 months ending with the
10 September preceding each November 1, including all previous
11 adjustments.

12 For the purposes of this Section, "consumer price index u"
13 means the index published by the Bureau of Labor Statistics of
14 the United States Department of Labor that measures the average
15 change in prices of goods and services purchased by all urban
16 consumers, United States city average, all items, 1982-84 =
17 100. The new amount resulting from each annual adjustment shall
18 be determined by the Public Pension Division of the Department
19 of Insurance and made available to the boards of the retirement
20 systems and pension funds by November 1 of each year.

21 (c) With each submission of payroll information in the
22 manner prescribed by the System, the employer shall certify
23 that the payroll information is correct and complies with all
24 applicable State and federal laws.

25 (Source: P.A. 98-92, eff. 7-16-13.)

1 (40 ILCS 5/15-111.5 new)

2 Sec. 15-111.5. Basic compensation and earnings
3 restrictions. For an employee who first becomes a participant
4 on or after the effective date of this amendatory Act of the
5 99th General Assembly, basic compensation under Section 15-110
6 and earnings under Section 15-111 shall not include bonuses,
7 housing allowances, vehicle allowances, social club dues, or
8 athletic club dues.

9 (40 ILCS 5/15-113.11)

10 Sec. 15-113.11. Service for periods of voluntary or
11 involuntary furlough.

12 (a) A participant may establish creditable service and
13 earnings credit for periods of furlough beginning on or after
14 July 1, 2009 and ending on or before June 30, 2011. To receive
15 this credit, the participant must (i) apply in writing to the
16 System before December 31, 2011; (ii) not receive compensation
17 from an employer for any furlough period; and (iii) make, on an
18 after-tax basis, employee contributions required under Section
19 15-157 based on the rate of basic compensation during the
20 periods of furlough, plus an amount determined by the Board to
21 be equal to the employer's normal cost of the benefit, plus
22 compounded interest at the actuarially assumed rate from the
23 date of voluntary or involuntary furlough to the date of
24 payment. The participant shall provide, at the time of
25 application, written certification from the employer providing

1 the total number of furlough days a participant has been
2 required to take.

3 (b) A participant may establish creditable service and
4 earnings credit for periods of furlough beginning on or after
5 July 1, 2015 and ending on or before June 30, 2017. To receive
6 this credit, the participant must (i) apply in writing to the
7 System before December 31, 2018; (ii) not receive compensation
8 from an employer for any furlough period; and (iii) make, on an
9 after-tax basis, employee contributions required under Section
10 15-157 based on the rate of basic compensation during the
11 periods of furlough, plus an amount determined by the Board to
12 be equal to the employer's normal cost of the benefit, plus
13 compounded interest at the actuarially assumed rate from the
14 date of voluntary or involuntary furlough to the date of
15 payment. The participant shall provide, at the time of
16 application, written certification from the employer providing
17 the total number of furlough days a participant has been
18 required to take.

19 (Source: P.A. 96-961, eff. 7-2-10.)

20 (40 ILCS 5/15-113.12 new)

21 Sec. 15-113.12. Earnings for periods of voluntary pay
22 reduction taken in lieu of furlough. A participant may
23 establish earnings credit for periods of voluntary pay
24 reduction, taken in lieu of furlough, beginning on or after
25 July 1, 2015 and ending on or before June 30, 2017. To receive

1 this credit, the participant must: (1) apply in writing to the
2 System before December 31, 2018; and (2) make, on an after-tax
3 basis, employee contributions required under Section 15-157
4 based on the voluntary reduction in pay, plus an amount
5 determined by the Board to be equal to the employer's normal
6 cost of the benefit, plus compounded interest at the
7 actuarially assumed rate from the date of voluntary reduction
8 in pay to the date of payment. The participant shall provide,
9 at the time of application, (i) written certification from the
10 employer providing the total voluntary reduction in pay per pay
11 period for each pay period with a voluntary reduction in pay
12 and (ii) written certification from the employer stating that
13 the voluntary reduction in pay was taken in lieu of furlough.

14 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)
15 (Text of Section WITHOUT the changes made by P.A. 98-599,
16 which has been held unconstitutional)

17 Sec. 15-155. Employer contributions.

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

25 The Board shall determine the amount of State contributions

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

5 (a-1) For State fiscal years 2012 through 2045, 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, the minimum State
2 contribution for each fiscal year shall be the amount needed to
3 maintain the total assets of the System at 90% of the total
4 actuarial liabilities of the System.

5 Amounts received by the System pursuant to Section 25 of
6 the Budget Stabilization Act or Section 8.12 of the State
7 Finance Act in any fiscal year do not reduce and do not
8 constitute payment of any portion of the minimum State
9 contribution required under this Article in that fiscal year.
10 Such amounts shall not reduce, and shall not be included in the
11 calculation of, the required State contributions under this
12 Article in any future year until the System has reached a
13 funding ratio of at least 90%. 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, as calculated
20 under this Section and certified under Section 15-165, shall
21 not exceed an amount equal to (i) the amount of the required
22 State contribution that would have been calculated under this
23 Section for that fiscal year if the System had not received any
24 payments under subsection (d) of Section 7.2 of the General
25 Obligation Bond Act, minus (ii) the portion of the State's
26 total debt service payments for that fiscal year on the bonds

1 issued in fiscal year 2003 for the purposes of that Section
2 7.2, as determined and certified by the Comptroller, that is
3 the same as the System's portion of the total moneys
4 distributed under subsection (d) of Section 7.2 of the General
5 Obligation Bond Act. In determining this maximum for State
6 fiscal years 2008 through 2010, however, the amount referred to
7 in item (i) shall be increased, as a percentage of the
8 applicable employee payroll, in equal increments calculated
9 from the sum of the required State contribution for State
10 fiscal year 2007 plus the applicable portion of the State's
11 total debt service payments for fiscal year 2007 on the bonds
12 issued in fiscal year 2003 for the purposes of Section 7.2 of
13 the General Obligation Bond Act, so that, by State fiscal year
14 2011, the State is contributing at the rate otherwise required
15 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 When assessing payment for any amount due under this
9 subsection (g), the System shall include earnings, to the
10 extent not established by a participant under Section 15-113.11
11 or 15-113.12, that would have been paid to the participant had
12 the participant not taken (i) periods of voluntary or
13 involuntary furlough occurring on or after July 1, 2015 and on
14 or before June 30, 2017 or (ii) periods of voluntary pay
15 reduction in lieu of furlough occurring on or after July 1,
16 2015 and on or before June 30, 2017. Determining earnings that
17 would have been paid to a participant had the participant not
18 taken periods of voluntary or involuntary furlough or periods
19 of voluntary pay reduction shall be the responsibility of the
20 employer, and shall be reported in a manner prescribed by the
21 System.

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

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

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

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

24 When assessing payment for any amount due under subsection
25 (g), the System shall exclude any earnings increase resulting
26 from (i) a promotion for which the employee moves from one

1 classification to a higher classification under the State
2 Universities Civil Service System, (ii) a promotion in academic
3 rank for a tenured or tenure-track faculty position, or (iii) a
4 promotion that the Illinois Community College Board has
5 recommended in accordance with subsection (k) of this Section.
6 These earnings increases shall be excluded only if the
7 promotion is to a position that has existed and been filled by
8 a member for no less than one complete academic year and the
9 earnings increase as a result of the promotion is an increase
10 that results in an amount no greater than the average salary
11 paid for other similar positions.

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

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

25 (1) The number of recalculations required by the
26 changes made to this Section by Public Act 94-1057 for each

1 employer.

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

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

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

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

26 (l) For purposes of determining the required State

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

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

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

15 (Source: P.A. 97-813, eff. 7-13-12; 98-92, eff. 7-16-13;
16 98-463, eff. 8-16-13.)

17 (40 ILCS 5/15-158.2)

18 Sec. 15-158.2. Self-managed plan.

19 (a) Purpose. The General Assembly finds that it is
20 important for colleges and universities to be able to attract
21 and retain the most qualified employees and that in order to
22 attract and retain these employees, colleges and universities
23 should have the flexibility to provide a defined contribution
24 plan as an alternative for eligible employees who elect not to
25 participate in a defined benefit retirement program provided

1 under this Article. Accordingly, the State Universities
2 Retirement System is hereby authorized to establish and
3 administer a self-managed plan, which shall offer
4 participating employees the opportunity to accumulate assets
5 for retirement through a combination of employee and employer
6 contributions that may be invested in mutual funds, collective
7 investment funds, or other investment products and used to
8 purchase annuity contracts, either fixed or variable or a
9 combination thereof. The plan must be qualified under the
10 Internal Revenue Code of 1986.

11 (b) Adoption by employers. Each employer subject to this
12 Article may elect to adopt the self-managed plan established
13 under this Section; this election is irrevocable. An employer's
14 election to adopt the self-managed plan makes available to the
15 eligible employees of that employer the elections described in
16 Section 15-134.5.

17 The State Universities Retirement System shall be the plan
18 sponsor for the self-managed plan and shall prepare a plan
19 document and prescribe such rules and procedures as are
20 considered necessary or desirable for the administration of the
21 self-managed plan. Consistent with its fiduciary duty to the
22 participants and beneficiaries of the self-managed plan, the
23 Board of Trustees of the System may delegate aspects of plan
24 administration as it sees fit to companies authorized to do
25 business in this State, to the employers, or to a combination
26 of both.

1 (c) Selection of service providers and funding vehicles.
2 The System, in consultation with the employers, shall solicit
3 proposals to provide administrative services and funding
4 vehicles for the self-managed plan from insurance and annuity
5 companies and mutual fund companies, banks, trust companies, or
6 other financial institutions authorized to do business in this
7 State. In reviewing the proposals received and approving and
8 contracting with no fewer than 2 and no more than 7 companies,
9 the Board of Trustees of the System shall consider, among other
10 things, the following criteria:

11 (1) the nature and extent of the benefits that would be
12 provided to the participants;

13 (2) the reasonableness of the benefits in relation to
14 the premium charged;

15 (3) the suitability of the benefits to the needs and
16 interests of the participating employees and the employer;

17 (4) the ability of the company to provide benefits
18 under the contract and the financial stability of the
19 company; and

20 (5) the efficacy of the contract in the recruitment and
21 retention of employees.

22 The System, in consultation with the employers, shall
23 periodically review each approved company. A company may
24 continue to provide administrative services and funding
25 vehicles for the self-managed plan only so long as it continues
26 to be an approved company under contract with the Board.

1 (d) Employee Direction. Employees who are participating in
2 the program must be allowed to direct the transfer of their
3 account balances among the various investment options offered,
4 subject to applicable contractual provisions. The participant
5 shall not be deemed a fiduciary by reason of providing such
6 investment direction. A person who is a fiduciary shall not be
7 liable for any loss resulting from such investment direction
8 and shall not be deemed to have breached any fiduciary duty by
9 acting in accordance with that direction. The System shall
10 provide advance notice to the participant of the participant's
11 obligation to direct the investment of employee and employer
12 contributions into one or more investment funds selected by the
13 System at the time he or she makes his or her initial
14 retirement plan selection. If a participant fails to direct the
15 investment of employee and employer contributions into the
16 various investment options offered to the participant when
17 making his or her initial retirement election choice, that
18 failure shall require the System to invest the employee and
19 employer contributions in a default investment fund on behalf
20 of the participant, and the investment shall be deemed to have
21 been made at the participant's investment direction. The
22 participant has the right to transfer account balances out of
23 the default investment fund during time periods designated by
24 the System. Neither the System nor the employer guarantees any
25 of the investments in the employee's account balances.

26 (e) Participation. An employee eligible to participate in

1 the self-managed plan must make a written election in
2 accordance with the provisions of Section 15-134.5 and the
3 procedures established by the System. Participation in the
4 self-managed plan by an electing employee shall begin on the
5 first day of the first pay period following the later of the
6 date the employee's election is filed with the System or the
7 effective date as of which the employee's employer begins to
8 offer participation in the self-managed plan. Employers may not
9 make the self-managed plan available earlier than January 1,
10 1998. An employee's participation in any other retirement
11 program administered by the System under this Article shall
12 terminate on the date that participation in the self-managed
13 plan begins.

14 An employee who has elected to participate in the
15 self-managed plan under this Section must continue
16 participation while employed in an eligible position, and may
17 not participate in any other retirement program administered by
18 the System under this Article while employed by that employer
19 or any other employer that has adopted the self-managed plan,
20 unless the self-managed plan is terminated in accordance with
21 subsection (i).

22 Notwithstanding any other provision of this Article, a Tier
23 2 member shall have the option to enroll in the self-managed
24 plan.

25 Participation in the self-managed plan under this Section
26 shall constitute membership in the State Universities

1 Retirement System.

2 A participant under this Section shall be entitled to the
3 benefits of Article 20 of this Code.

4 (f) Establishment of Initial Account Balance. If at the
5 time an employee elects to participate in the self-managed plan
6 he or she has rights and credits in the System due to previous
7 participation in the traditional benefit package, the System
8 shall establish for the employee an opening account balance in
9 the self-managed plan, equal to the amount of contribution
10 refund that the employee would be eligible to receive under
11 Section 15-154 if the employee terminated employment on that
12 date and elected a refund of contributions, except that this
13 hypothetical refund shall include interest at the effective
14 rate for the respective years. The System shall transfer assets
15 from the defined benefit retirement program to the self-managed
16 plan, as a tax free transfer in accordance with Internal
17 Revenue Service guidelines, for purposes of funding the
18 employee's opening account balance.

19 (g) No Duplication of Service Credit. Notwithstanding any
20 other provision of this Article, an employee may not purchase
21 or receive service or service credit applicable to any other
22 retirement program administered by the System under this
23 Article for any period during which the employee was a
24 participant in the self-managed plan established under this
25 Section.

26 (h) Contributions. The self-managed plan shall be funded by

1 contributions from employees participating in the self-managed
2 plan and employer contributions as provided in this Section.

3 The contribution rate for employees participating in the
4 self-managed plan under this Section shall be equal to the
5 employee contribution rate for other participants in the
6 System, as provided in Section 15-157. This required
7 contribution shall be made as an "employer pick-up" under
8 Section 414(h) of the Internal Revenue Code of 1986 or any
9 successor Section thereof. Any employee participating in the
10 System's traditional benefit package prior to his or her
11 election to participate in the self-managed plan shall continue
12 to have the employer pick up the contributions required under
13 Section 15-157. However, the amounts picked up after the
14 election of the self-managed plan shall be remitted to and
15 treated as assets of the self-managed plan. In no event shall
16 an employee have an option of receiving these amounts in cash.
17 Employees may make additional contributions to the
18 self-managed plan in accordance with procedures prescribed by
19 the System, to the extent permitted under rules prescribed by
20 the System.

21 The program shall provide for employer contributions to be
22 credited to each self-managed plan participant at a rate of
23 7.6% of the participating employee's salary, less the amount
24 used by the System to provide disability benefits for the
25 employee. The amounts so credited shall be paid into the
26 participant's self-managed plan accounts in a manner to be

1 prescribed by the System.

2 An amount of employer contribution, not exceeding 1% of the
3 participating employee's salary, shall be used for the purpose
4 of providing the disability benefits of the System to the
5 employee. Prior to the beginning of each plan year under the
6 self-managed plan, the Board of Trustees shall determine, as a
7 percentage of salary, the amount of employer contributions to
8 be allocated during that plan year for providing disability
9 benefits for employees in the self-managed plan.

10 The State of Illinois shall make contributions by
11 appropriations to the System of the employer contributions
12 required for employees who participate in the self-managed plan
13 under this Section. The amount required shall be certified by
14 the Board of Trustees of the System and paid by the State in
15 accordance with Section 15-165. The System shall not be
16 obligated to remit the required employer contributions to any
17 of the insurance and annuity companies, mutual fund companies,
18 banks, trust companies, financial institutions, or other
19 sponsors of any of the funding vehicles offered under the
20 self-managed plan until it has received the required employer
21 contributions from the State. In the event of a deficiency in
22 the amount of State contributions, the System shall implement
23 those procedures described in subsection (c) of Section 15-165
24 to obtain the required funding from the General Revenue Fund.

25 (i) Termination. The self-managed plan authorized under
26 this Section may be terminated by the System, subject to the

1 terms of any relevant contracts, and the System shall have no
2 obligation to reestablish the self-managed plan under this
3 Section. This Section does not create a right to continued
4 participation in any self-managed plan set up by the System
5 under this Section. If the self-managed plan is terminated, the
6 participants shall have the right to participate in one of the
7 other retirement programs offered by the System and receive
8 service credit in such other retirement program for any years
9 of employment following the termination.

10 (j) Vesting; Withdrawal; Return to Service. A participant
11 in the self-managed plan becomes vested in the employer
12 contributions credited to his or her accounts in the
13 self-managed plan on the earliest to occur of the following:
14 (1) completion of 5 years of service with an employer described
15 in Section 15-106; (2) the death of the participating employee
16 while employed by an employer described in Section 15-106, if
17 the participant has completed at least 1 1/2 years of service;
18 or (3) the participant's election to retire and apply the
19 reciprocal provisions of Article 20 of this Code.

20 A participant in the self-managed plan who receives a
21 distribution of his or her vested amounts from the self-managed
22 plan while not yet eligible for retirement under this Article
23 (and Article 20, if applicable) shall forfeit all service
24 credit and accrued rights in the System; if subsequently
25 re-employed, the participant shall be considered a new
26 employee. If a former participant again becomes a participating

1 employee (or becomes employed by a participating system under
2 Article 20 of this Code) and continues as such for at least 2
3 years, all such rights, service credits, and previous status as
4 a participant shall be restored upon repayment of the amount of
5 the distribution, without interest.

6 (k) Benefit amounts. If an employee who is vested in
7 employer contributions terminates employment, the employee
8 shall be entitled to a benefit which is based on the account
9 values attributable to both employer and employee
10 contributions and any investment return thereon.

11 If an employee who is not vested in employer contributions
12 terminates employment, the employee shall be entitled to a
13 benefit based solely on the account values attributable to the
14 employee's contributions and any investment return thereon,
15 and the employer contributions and any investment return
16 thereon shall be forfeited. Any employer contributions which
17 are forfeited shall be held in escrow by the company investing
18 those contributions and shall be used as directed by the System
19 for future allocations of employer contributions or for the
20 restoration of amounts previously forfeited by former
21 participants who again become participating employees.

22 (Source: P.A. 98-92, eff. 7-16-13.)

23 (40 ILCS 5/15-168) (from Ch. 108 1/2, par. 15-168)

24 Sec. 15-168. To require information.

25 (a) To require such information as shall be necessary for

1 the proper operation of the system from any participant or
2 beneficiary or annuitant ~~benefit recipient~~ or from any current
3 or former employer of a participant or annuitant. Such
4 information may include, but is not limited to, employment
5 contracts ~~current or former participant~~.

6 (b) When the System submits a request for information under
7 subsection (a) of this Section, the employer shall respond
8 within 90 calendar days of the System's request. Beginning on
9 the 91st calendar day after the System's request, the System
10 may assess a penalty of \$250 per calendar day until receipt of
11 the information by the System, with a maximum penalty of
12 \$25,000. All payments must be received within one calendar year
13 after receipt of the information by the System or one calendar
14 year of reaching the maximum penalty of \$25,000, whichever
15 occurs earlier. If the employer fails to make complete payment
16 within the applicable timeframe, then the System may, after
17 giving notice to the employer, certify the delinquent amount to
18 the State Comptroller, and the Comptroller shall thereupon
19 deduct the certified delinquent amount from State funds payable
20 to the employer and pay them instead to the System.

21 (c) If a participant, beneficiary, or annuitant fails to
22 provide any information that is necessary for the calculation,
23 payment, or finalization of any benefit under this Article
24 within 90 calendar days of the date of the System's request
25 under subsection (a) of this Section, then the System may
26 immediately cease processing the benefit and may not pay any

1 additional benefit payment to the participant, beneficiary, or
2 annuitant until the requested information is provided.

3 (Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15.)

4 (40 ILCS 5/15-168.2)

5 Sec. 15-168.2. Audit of employers.

6 (a) Beginning August 1, 2013, the System may audit the
7 employment records and payroll records of all employers. When
8 the System audits an employer, it shall specify the exact
9 information it requires, which may include but need not be
10 limited to the names, titles, and earnings history of every
11 individual receiving compensation from the employer. If an
12 employer is audited by the System, then the employer must
13 provide to the System all necessary documents and records
14 within 60 calendar days after receiving notification from the
15 System. When the System audits an employer, it shall send
16 related correspondence by certified mail.

17 (b) When the System submits a request for information under
18 subsection (a) of this Section, the employer shall respond
19 within 60 calendar days of the System's request. Beginning on
20 the 61st calendar day after the System's request, the System
21 may assess a penalty of \$250 per calendar day until receipt of
22 the information by the System, with a maximum penalty of
23 \$25,000. All payments must be received by the System within one
24 calendar year after receipt of the information by the System or
25 one calendar year after reaching the maximum penalty of

1 \$25,000, whichever occurs earlier. If the employer fails to
2 make complete payment within the applicable timeframe, then the
3 System may, after giving notice to the employer, certify the
4 delinquent amount to the State Comptroller, and the Comptroller
5 shall thereupon deduct the certified delinquent amount from
6 State funds payable to the employer and pay them instead to the
7 System.

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