



Rep. Jay Hoffman

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LRB098 08855 EFG 41978 a

1 AMENDMENT TO HOUSE BILL 1166

2 AMENDMENT NO. _____. Amend House Bill 1166, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Budget Stabilization Act is amended by
6 changing Sections 20 and 25 as follows:

7 (30 ILCS 122/20)

8 Sec. 20. Pension Stabilization Fund.

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

13 (b) For each fiscal year when the General Assembly's
14 appropriations and transfers or diversions as required by law
15 from general funds do not exceed 99% of the estimated general
16 funds revenues pursuant to subsection (a) of Section 10, the

1 Comptroller shall transfer from the General Revenue Fund as
2 provided by this Section a total amount equal to 0.5% of the
3 estimated general funds revenues to the Pension Stabilization
4 Fund.

5 (c) For each fiscal year through Fiscal Year 2013 when the
6 General Assembly's appropriations and transfers or diversions
7 as required by law from general funds do not exceed 98% of the
8 estimated general funds revenues pursuant to subsection (b) of
9 Section 10, the Comptroller shall transfer from the General
10 Revenue Fund as provided by this Section a total amount equal
11 to 1.0% of the estimated general funds revenues to the Pension
12 Stabilization Fund.

13 (c-5) In Fiscal Year 2016 and each fiscal year thereafter,
14 the State Comptroller shall order transferred and the State
15 Treasurer shall transfer the following amounts from the General
16 Revenue Fund to the Pension Stabilization Fund:

17 in Fiscal Year 2016, \$441,429,372;

18 in Fiscal Year 2017, \$150,545,372;

19 in Fiscal Year 2018, \$179,267,872;

20 in Fiscal Year 2019, \$211,777,872;

21 in Fiscal Year 2020, \$1,123,333,372;

22 in Fiscal Year 2021, \$1,084,470,872;

23 in Fiscal Year 2022, \$1,048,083,372;

24 in Fiscal Year 2023, \$1,014,170,872;

25 in Fiscal Year 2024, \$957,733,372;

26 in Fiscal Year 2025, \$905,683,372;

1 in Fiscal Year 2026, \$882,458,372;
2 in Fiscal Year 2027, \$861,783,372;
3 in Fiscal Year 2028, \$818,658,372;
4 in Fiscal Year 2029, \$779,358,372;
5 in Fiscal Year 2030, \$718,883,372;
6 in Fiscal Year 2031, \$663,508,372;
7 in Fiscal Year 2032, \$638,233,372;
8 in Fiscal Year 2033, \$641,783,372;
9 in Fiscal Year 2034, \$1,797,883,372;
10 in Fiscal Year 2035, \$1,797,883,372;
11 in Fiscal Year 2036, \$1,797,883,372;
12 in Fiscal Year 2037, \$1,797,883,372;
13 in Fiscal Year 2038, \$1,797,883,372;
14 in Fiscal Year 2039, \$1,797,883,372;
15 in Fiscal Year 2040, \$1,797,883,372;
16 in Fiscal Year 2041, \$1,797,883,372;
17 in Fiscal Year 2042, \$1,797,883,372;
18 in Fiscal Year 2043, \$1,797,883,372;
19 in Fiscal Year 2044, \$1,797,883,372; and
20 in Fiscal Year 2045, \$1,797,883,372.

21 (c-10) The transfers made pursuant to subsection (c-5) of
22 this Section shall continue until Fiscal Year 2045 or until
23 each of the designated retirement systems, as defined in
24 Section 25, has achieved a funding ratio of at least 100%,
25 whichever occurs first.

26 (d) The Comptroller shall transfer 1/12 of the total amount

1 to be transferred each fiscal year under this Section into the
2 Pension Stabilization Fund on the first day of each month of
3 that fiscal year or as soon thereafter as possible; except that
4 the final transfer of the fiscal year shall be made as soon as
5 practical after the August 31 following the end of the fiscal
6 year.

7 Until Fiscal Year 2014, before ~~Before~~ the final transfer
8 for a fiscal year is made, the Comptroller shall reconcile the
9 estimated general funds revenues used in calculating the other
10 transfers under this Section for that fiscal year with the
11 actual general funds revenues for that fiscal year. The final
12 transfer for the fiscal year shall be adjusted so that the
13 total amount transferred under this Section for that fiscal
14 year is equal to the percentage specified in subsection (b) or
15 (c) of this Section, whichever is applicable, of the actual
16 general funds revenues for that fiscal year. The actual general
17 funds revenues for the fiscal year shall be calculated in a
18 manner consistent with subsection (c) of Section 10 of this
19 Act.

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

21 (30 ILCS 122/25)

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

23 (a) As used in this Section, "designated retirement
24 systems" means:

25 (1) the State Employees' Retirement System of

1 Illinois;

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

4 (3) the State Universities Retirement System;

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

6 (5) the General Assembly Retirement System.

7 (b) As soon as may be practical after any money is
8 deposited into the Pension Stabilization Fund, the State
9 Comptroller shall apportion the deposited amount among the
10 designated retirement systems and the State Comptroller and
11 State Treasurer shall pay the apportioned amounts to the
12 designated retirement systems. The amount deposited shall be
13 apportioned among the designated retirement systems in
14 proportion to their respective certified State contributions
15 for the State fiscal year in which the payment is made to those
16 systems ~~in the same proportion as their respective portions of~~
17 ~~the total actuarial reserve deficiency of the designated~~
18 ~~retirement systems, as most recently determined by the~~
19 ~~Governor's Office of Management and Budget.~~ Amounts received by
20 a designated retirement system under this Section shall be used
21 for funding the unfunded liabilities of the retirement system.
22 Payments under this Section are authorized by the continuing
23 appropriation under Section 1.7 of the State Pension Funds
24 Continuing Appropriation Act.

25 (c) At the request of the State Comptroller, the Governor's
26 Office of Management and Budget shall determine the individual

1 and total actuarial reserve deficiencies of the designated
2 retirement systems. For this purpose, the Governor's Office of
3 Management and Budget shall consider the latest available audit
4 and actuarial reports of each of the retirement systems and the
5 relevant reports and statistics of the Public Pension Division
6 of the Department of Financial and Professional Regulation.

7 (d) Payments to the designated retirement systems under
8 this Section shall be in addition to, and not in lieu of, any
9 State contributions required under Section 2-124, 14-131,
10 15-155, 16-158, or 18-131 of the Illinois Pension Code.

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

12 Section 15. The Illinois Pension Code is amended by adding
13 Sections 2-105.1, 2-105.2, 14-103.40, 14-103.41, 15-107.1,
14 15-107.2, 16-106.4, 16-106.5, and 16-158.2 and changing
15 Sections 1-103.3, 2-124, 2-125, 2-126, 14-131, 14-132, 14-133,
16 15-136, 15-155, 15-156, 15-157, 16-133, 16-152, and 16-158 as
17 follows:

18 (40 ILCS 5/1-103.3)

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

21 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~
22 ~~of 1994~~ that change the method of calculating, certifying, and
23 paying the required State contributions to the retirement
24 systems established under Articles 2, 14, 15, 16, and 18 shall

1 first apply to the State contributions required for State
2 fiscal year 1996.

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

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

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

22 (40 ILCS 5/2-105.1 new)

23 Sec. 2-105.1. Tier I participant."Tier I participant": A
24 participant who first became a participant before January 1,
25 2011 and who is not a Tier I retiree.

1 (40 ILCS 5/2-105.2 new)

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

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

6 Sec. 2-124. Contributions by State.

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

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

18 (c) For State fiscal years 2015 through 2045, the minimum
19 contribution to the System to be made by the State for each
20 fiscal year shall be an amount determined by the System to be
21 sufficient to bring the total assets of the System up to 100%
22 of the total actuarial liabilities of the System by the end of
23 State fiscal year 2045. In making these determinations, the
24 required State contribution shall be calculated each year as a

1 level percentage of payroll over the years remaining to and
2 including fiscal year 2045 and shall be determined under the
3 projected unit credit actuarial cost method.

4 For State fiscal years 2012 through 2014 ~~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 90% of
8 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 percentage of payroll over the years remaining to and
12 including fiscal year 2045 and shall be determined under the
13 projected unit credit actuarial cost method.

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

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

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

25 For each of State fiscal years 2008 through 2009, the State
26 contribution to the System, as a percentage of the applicable

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

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

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

26 Beginning in State fiscal year 2046, the minimum State

1 contribution for each fiscal year shall be the amount needed to
2 maintain the total assets of the System at 100% ~~90%~~ of the
3 total actuarial liabilities of the System.

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

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

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

26 (d) 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 (e) 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. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
16 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
17 7-13-12.)

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

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

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

24 (b) All income, interest and dividends derived from
25 deposits and investments shall be credited to the account of

1 the system in the State Treasury and used to pay benefits under
2 this Article.

3 (c) Pursuant to Article XIII, Section 5 of the 1970
4 Constitution of the State of Illinois, beginning on July 1,
5 2013, the State shall, as a retirement benefit to each
6 participant and annuitant of the System be contractually
7 obligated to the System (as a fiduciary and trustee of the
8 participants and annuitants) to pay the annual required State
9 contribution, as determined by the Board of the System using
10 generally accepted actuarial principles, as is necessary to
11 bring the total assets of the System up to 100% of the total
12 actuarial liabilities of the System by the end of State fiscal
13 year 2045. As a further retirement benefit and contractual
14 obligation, each fiscal year, the State shall pay to each
15 designated retirement system the annual required State
16 contribution certified by the Board for that fiscal year.
17 Payments of the annual required State contribution for each
18 fiscal year shall be made in equal monthly installments.
19 Additionally, beginning in fiscal year 2014, State transfers to
20 the Pension Stabilization Fund pursuant to Section 20 of the
21 Budget Stabilization Act and payments to the System pursuant to
22 Section 25 of the Budget Stabilization Act shall be further
23 retirement benefits and contractual obligations. The transfers
24 and payments prescribed in Sections 20 and 25 of the Budget
25 Stabilization Act shall not be used by the retirement system
26 when calculation any pension payment until the System has

1 reached a funded level of 100%. This Section and the security
2 it provides to participants and annuitants is intended to be,
3 and is, a contractual right that is part of the pension
4 benefits provided to the participants and annuitants.
5 Notwithstanding anything to the contrary in the Court of Claims
6 Act or any other law, a designated retirement system has the
7 exclusive right to and shall bring a mandamus action in the
8 Circuit Court of Sangamon County against the State to compel
9 the State to make any installment of the annual required State
10 contribution required by this Section, irrespective of other
11 remedies that may be available to the System. Each member or
12 annuitant of the System has the right to in any judicial
13 district in which the System maintains an office if the System
14 fails to bring an action specified in this Section,
15 irrespective of other remedies that may be available to the
16 member or annuitant. In making these determinations, the
17 required State contribution shall be calculated each year as a
18 level percentage of payroll over the years remaining to and
19 including fiscal year 2045 and shall be determined under the
20 projected unit credit actuarial cost method.

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

22 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

23 Sec. 2-126. Contributions by participants.

24 (a) Each participant shall contribute toward the cost of
25 his or her retirement annuity a percentage of each payment of

1 salary received by him or her for service as a member as
2 follows: for service between October 31, 1947 and January 1,
3 1959, 5%; for service between January 1, 1959 and June 30,
4 1969, 6%; for service between July 1, 1969 and January 10,
5 1973, 6 1/2%; for service after January 10, 1973, 7%; for
6 service after December 31, 1981, 8 1/2%.

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

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

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

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

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

1 to the date of payment.

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

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

24 (e) Notwithstanding any other provision of this Article,
25 the required contribution of a participant who first becomes a
26 participant on or after January 1, 2011 shall not exceed the

1 contribution that would be due under this Article if that
2 participant's highest salary for annuity purposes were
3 \$106,800, plus any increases in that amount under Section
4 2-108.1.

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

6 (40 ILCS 5/14-103.40 new)

7 Sec. 14-103.40. Tier I member. "Tier I member": A member of
8 this System who first became a member or participant before
9 January 1, 2011 under any reciprocal retirement system or
10 pension fund established under this Code other than a
11 retirement system or pension fund established under Article 2,
12 3, 4, 5, 6, or 18 of this Code and who is not a Tier I retiree.

13 (40 ILCS 5/14-103.41 new)

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

16 (40 ILCS 5/14-131)

17 Sec. 14-131. Contributions by State.

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

1 actuarial recommendations.

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

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

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

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

1 participation, and annuitants employed by a department as
2 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

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

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

1 to the System, in a total monthly amount of one-twelfth of the
2 fiscal year General Revenue Fund contribution as certified by
3 the System pursuant to Section 14-135.08 of the Illinois
4 Pension Code.

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

19 (e) For State fiscal years 2015 through 2045, the minimum
20 contribution to the System to be made by the State for each
21 fiscal year shall be an amount determined by the System to be
22 sufficient to bring the total assets of the System up to 100%
23 of the total actuarial liabilities of the System by the end of
24 State fiscal year 2045. In making these determinations, the
25 required State contribution shall be calculated each year as a
26 level percentage of payroll over the years remaining to and

1 including fiscal year 2045 and shall be determined under the
2 projected unit credit actuarial cost method.

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

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

1 applicable employee payroll, even if the indicated percentage
2 will produce a State contribution in excess of the amount
3 otherwise required under this subsection and subsection (a):
4 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
5 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

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

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

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

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

1 bonds, if applicable.

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

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

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

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

3 Notwithstanding any other provision of this Code or the
4 Budget Stabilization Act, amounts transferred to the System
5 pursuant to the Budget Stabilization Act after the effective
6 date of this amendatory Act of the 98th General Assembly do not
7 reduce and do not constitute payment of any portion of the
8 required State contribution under this Article in that fiscal
9 year. Such amounts shall not reduce, and shall not be included
10 in the calculation of, the required State contributions under
11 this Article in any future year until the System has received
12 payment of contributions pursuant to the Budget Stabilization
13 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 14-135.08, shall not exceed an amount
19 equal to (i) the amount of the required State contribution that
20 would have been calculated under this Section for that fiscal
21 year if the System had not received any payments under
22 subsection (d) of Section 7.2 of the General Obligation Bond
23 Act, minus (ii) the portion of the State's total debt service
24 payments for that fiscal year on the bonds issued in fiscal
25 year 2003 for the purposes of that Section 7.2, as determined
26 and certified by the Comptroller, that is the same as the

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

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

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

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

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

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

26 (i) After the submission of all payments for eligible

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

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

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

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

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

15 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
16 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
17 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11; 97-732,
18 eff. 6-30-12.)

19 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

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

21 (a) The payment of the required department contributions,
22 all allowances, annuities, benefits granted under this
23 Article, and all expenses of administration of the system are
24 obligations of the State of Illinois to the extent specified in
25 this Article.

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

5 (c) Pursuant to Article XIII, Section 5 of the 1970
6 Constitution of the State of Illinois, beginning on July 1,
7 2013, the State shall, as a retirement benefit to each
8 participant and annuitant of the System be contractually
9 obligated to the System (as a fiduciary and trustee of the
10 participants and annuitants) to pay the annual required State
11 contribution, as determined by the Board of the System using
12 generally accepted actuarial principles, as is necessary to
13 bring the total assets of the System up to 100% of the total
14 actuarial liabilities of the System by the end of State fiscal
15 year 2045. As a further retirement benefit and contractual
16 obligation, each fiscal year, the State shall pay to each
17 designated retirement system the annual required State
18 contribution certified by the Board for that fiscal year.
19 Payments of the annual required State contribution for each
20 fiscal year shall be made in equal monthly installments.
21 Additionally, beginning in fiscal year 2014, State transfers to
22 the Pension Stabilization Fund pursuant to Section 20 of the
23 Budget Stabilization Act and payments to the System pursuant to
24 Section 25 of the Budget Stabilization Act shall be further
25 retirement benefits and contractual obligations. The transfers
26 and payments prescribed in Sections 20 and 25 of the Budget

1 Stabilization Act shall not be used by the retirement system
2 when calculation any pension payment until the System has
3 reached a funded level of 100%. This Section and the security
4 it provides to participants and annuitants is intended to be,
5 and is, a contractual right that is part of the pension
6 benefits provided to the participants and annuitants.
7 Notwithstanding anything to the contrary in the Court of Claims
8 Act or any other law, a designated retirement system has the
9 exclusive right to and shall bring a mandamus action in the
10 Circuit Court of Sangamon County against the State to compel
11 the State to make any installment of the annual required State
12 contribution required by this Section, irrespective of other
13 remedies that may be available to the System. Each member or
14 annuitant of the System has the right to in any judicial
15 district in which the System maintains an office if the System
16 fails to bring an action specified in this Section,
17 irrespective of other remedies that may be available to the
18 member or annuitant. 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 (Source: P.A. 80-841.)

24 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

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

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

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

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

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

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

22 (5) Each security employee of the Department of
23 Corrections or of the Department of Human Services who is a
24 covered employee, 0.5% for a widow or survivors annuity
25 plus the following amount for retirement annuity: 5%
26 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%

1 in 2004 and thereafter;

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

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

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

15 (2) beginning on July 1, 2014, 2% of compensation.

16 (b) Contributions shall be in the form of a deduction from
17 compensation and shall be made notwithstanding that the
18 compensation paid in cash to the employee shall be reduced
19 thereby below the minimum prescribed by law or regulation. Each
20 member is deemed to consent and agree to the deductions from
21 compensation provided for in this Article, and shall receipt in
22 full for salary or compensation.

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

24 (40 ILCS 5/15-107.1 new)

25 Sec. 15-107.1. Tier I participant. "Tier I participant": A

1 participant under this Article, other than a participant in the
2 self-managed plan under Section 15-158.2, who first became a
3 member or participant before January 1, 2011 under any
4 reciprocal retirement system or pension fund established under
5 this Code other than a retirement system or pension fund
6 established under Article 2, 3, 4, 5, 6, or 18 of this Code and
7 who is not a Tier I retiree.

8 (40 ILCS 5/15-107.2 new)

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

11 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

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

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

21 Rule 1: The retirement annuity shall be 1.67% of final rate
22 of earnings for each of the first 10 years of service, 1.90%
23 for each of the next 10 years of service, 2.10% for each year
24 of service in excess of 20 but not exceeding 30, and 2.30% for

1 each year in excess of 30; or for persons who retire on or
2 after January 1, 1998, 2.2% of the final rate of earnings for
3 each year of service.

4 Rule 2: The retirement annuity shall be the sum of the
5 following, determined from amounts credited to the participant
6 in accordance with the actuarial tables and the effective rate
7 of interest in effect at the time the retirement annuity
8 begins:

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

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

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

22 For the purpose of calculating an annuity under this Rule
23 2, the contribution required under subsection (c-5) of Section
24 15-157 shall not be considered when determining the
25 participant's accumulated normal contributions under clause
26 (i) or the employer contribution under clause (ii).

1 With respect to a police officer or firefighter who retires
2 on or after August 14, 1998, the accumulated normal
3 contributions taken into account under clauses (i) and (ii) of
4 this Rule 2 shall include the additional normal contributions
5 made by the police officer or firefighter under Section
6 15-157(a).

7 The amount of a retirement annuity calculated under this
8 Rule 2 shall be computed solely on the basis of the
9 participant's accumulated normal contributions, as specified
10 in this Rule and defined in Section 15-116. Neither an employee
11 or employer contribution for early retirement under Section
12 15-136.2 nor any other employer contribution shall be used in
13 the calculation of the amount of a retirement annuity under
14 this Rule 2.

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

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

21 Rule 3: The retirement annuity of a participant who is
22 employed at least one-half time during the period on which his
23 or her final rate of earnings is based, shall be equal to the
24 participant's years of service not to exceed 30, multiplied by
25 (1) \$96 if the participant's final rate of earnings is less
26 than \$3,500, (2) \$108 if the final rate of earnings is at least

1 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
2 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
3 the final rate of earnings is at least \$5,500 but less than
4 \$6,500, (5) \$144 if the final rate of earnings is at least
5 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
6 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
7 the final rate of earnings is at least \$8,500 but less than
8 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
9 more, except that the annuity for those persons having made an
10 election under Section 15-154(a-1) shall be calculated and
11 payable under the portable retirement benefit program pursuant
12 to the provisions of Section 15-136.4.

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

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

26 (i) service that is performed while the person is an

1 employee under subsection (h) of Section 15-107; and

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

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

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

25 (ii) an annuity from employer contributions of an
26 amount equal to that which can be provided on an

1 actuarially equivalent basis from the accumulated normal
2 contributions made by the participant under Section
3 15-113.6 and Section 15-113.7 plus 1.4 times all other
4 accumulated normal contributions made by the participant;
5 and

6 (iii) an annuity which can be provided on an
7 actuarially equivalent basis from the employee
8 contribution for early retirement under Section 15-136.2,
9 and an annuity from employer contributions of an amount
10 equal to that which can be provided on an actuarially
11 equivalent basis from the employee contribution for early
12 retirement under Section 15-136.2.

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

22 With respect to a participant who is qualified for a
23 retirement annuity under this Rule 5 whose retirement annuity
24 began before the effective date of this amendatory Act of the
25 91st General Assembly, and for whom an employee contribution
26 was made under Section 15-136.2, the System shall recalculate

1 the retirement annuity under this Rule 5 and shall pay any
2 additional amounts due in the manner provided in Section
3 15-186.1 for benefits mistakenly set too low.

4 The amount of a retirement annuity calculated under this
5 Rule 5 shall be computed solely on the basis of those
6 contributions specifically set forth in this Rule 5. Except as
7 provided in clause (iii) of this Rule 5, neither an employee
8 nor employer contribution for early retirement under Section
9 15-136.2, nor any other employer contribution, shall be used in
10 the calculation of the amount of a retirement annuity under
11 this Rule 5.

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

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

26 (b) The retirement annuity provided under Rules 1 and 3

1 above shall be reduced by 1/2 of 1% for each month the
2 participant is under age 60 at the time of retirement. However,
3 this reduction shall not apply in the following cases:

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

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

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

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

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

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

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

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

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

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

21 (f) A participant is entitled to such additional annuity as
22 may be provided on an actuarially equivalent basis, by any
23 accumulated additional contributions to his or her credit.
24 However, the additional contributions made by the participant
25 toward the automatic increases in annuity provided under this
26 Section and the contributions made under subsection (c-5) of

1 Section 15-157 by this amendatory Act of the 98th General
2 Assembly shall not be taken into account in determining the
3 amount of such additional annuity.

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

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

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

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

7 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

8 Sec. 15-155. Employer contributions.

9 (a) The State of Illinois shall make contributions by
10 appropriations of amounts which, together with the other
11 employer contributions from trust, federal, and other funds,
12 employee contributions, income from investments, and other
13 income of this System, will be sufficient to meet the cost of
14 maintaining and administering the System on a 100% ~~90%~~ funded
15 basis in accordance with actuarial recommendations.

16 The Board shall determine the amount of State contributions
17 required for each fiscal year on the basis of the actuarial
18 tables and other assumptions adopted by the Board and the
19 recommendations of the actuary, using the formula in subsection
20 (a-1).

21 (a-1) For State fiscal years 2015 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 percentage of payroll over the years remaining to and
4 including fiscal year 2045 and shall be determined under the
5 projected unit credit actuarial cost method.

6 For State fiscal years 2012 through ~~2014~~ 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 \$166,641,900.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2007 is
26 \$252,064,100.

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 \$702,514,000 and shall be made from the State Pensions Fund and
10 proceeds of bonds sold in fiscal year 2010 pursuant to Section
11 7.2 of the General Obligation Bond Act, less (i) the pro rata
12 share of bond sale expenses determined by the System's share of
13 total bond proceeds, (ii) any amounts received from the General
14 Revenue Fund in fiscal year 2010, (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 15-165 and shall be made from the State
21 Pensions Fund and proceeds of bonds sold in fiscal year 2011
22 pursuant to Section 7.2 of the General Obligation Bond Act,
23 less (i) the pro rata share of bond sale expenses determined by
24 the System's share of total bond proceeds, (ii) any amounts
25 received from the General Revenue Fund in fiscal year 2011, and
26 (iii) any reduction in bond proceeds due to the issuance of

1 discounted bonds, if 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 90% of the total
5 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 Code or the
19 Budget Stabilization Act, amounts transferred to the System
20 pursuant to the Budget Stabilization Act after the effective
21 date of this amendatory Act of the 98th General Assembly do not
22 reduce and do not constitute payment of any portion of the
23 required State contribution under this Article in that fiscal
24 year. Such amounts shall not reduce, and shall not be included
25 in the calculation of, the required State contributions under
26 this Article in any future year until the System has received

1 payment of contributions pursuant to the Budget Stabilization
2 Act.

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

1 contributing at the rate otherwise required under this Section.

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

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

1 employer contributions required under this subsection shall be
2 remitted by the municipality to the System at the same time and
3 in the same manner as employee contributions.

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

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

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

24 (f) Normal costs under this Section means liability for
25 pensions and other benefits which accrues to the System because
26 of the credits earned for service rendered by the participants

1 during the fiscal year and expenses of administering the
2 System, but shall not include the principal of or any
3 redemption premium or interest on any bonds issued by the Board
4 or any expenses incurred or deposits required in connection
5 therewith.

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

22 Whenever it determines that a payment is or may be required
23 under this subsection (g), the System shall calculate the
24 amount of the payment and bill the employer for that amount.
25 The bill shall specify the calculations used to determine the
26 amount due. If the employer disputes the amount of the bill, it

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

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

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

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

1 participants under contracts or collective bargaining
2 agreements entered into, amended, or renewed before June 1,
3 2005.

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

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

22 When assessing payment for any amount due under subsection
23 (g), the System shall exclude any earnings increase resulting
24 from (i) a promotion for which the employee moves from one
25 classification to a higher classification under the State
26 Universities Civil Service System, (ii) a promotion in academic

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

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

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

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

26 (2) The dollar amount by which each employer's

1 contribution to the System was changed due to
2 recalculations required by Public Act 94-1057.

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

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

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

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

1 which shall be calculated as follows:

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

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

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

16 (40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)
17 Sec. 15-156. Obligations of State; funding guarantees.

18 (a) The payment of (1) the required State contributions,
19 (2) all benefits granted under this system and (3) all expenses
20 in connection with the administration and operation thereof are
21 obligations of the State of Illinois to the extent specified in
22 this Article. The accumulated employee normal, additional and
23 survivors insurance contributions credited to the accounts of
24 active and inactive participants shall not be used to pay the
25 State's share of the obligations.

1 (c) Pursuant to Article XIII, Section 5 of the 1970
2 Constitution of the State of Illinois, beginning on July 1,
3 2013, the State shall, as a retirement benefit to each
4 participant and annuitant of the System be contractually
5 obligated to the System (as a fiduciary and trustee of the
6 participants and annuitants) to pay the annual required State
7 contribution, as determined by the Board of the System using
8 generally accepted actuarial principles, as is necessary to
9 bring the total assets of the System up to 100% of the total
10 actuarial liabilities of the System by the end of State fiscal
11 year 2045. As a further retirement benefit and contractual
12 obligation, each fiscal year, the State shall pay to each
13 designated retirement system the annual required State
14 contribution certified by the Board for that fiscal year.
15 Payments of the annual required State contribution for each
16 fiscal year shall be made in equal monthly installments.
17 Additionally, beginning in fiscal year 2014, State transfers to
18 the Pension Stabilization Fund pursuant to Section 20 of the
19 Budget Stabilization Act and payments to the System pursuant to
20 Section 25 of the Budget Stabilization Act shall be further
21 retirement benefits and contractual obligations. The transfers
22 and payments prescribed in Sections 20 and 25 of the Budget
23 Stabilization Act shall not be used by the retirement system
24 when calculation any pension payment until the System has
25 reached a funded level of 100%. This Section and the security
26 it provides to participants and annuitants is intended to be,

1 and is, a contractual right that is part of the pension
2 benefits provided to the participants and annuitants.
3 Notwithstanding anything to the contrary in the Court of Claims
4 Act or any other law, a designated retirement system has the
5 exclusive right to and shall bring a mandamus action in the
6 Circuit Court of Champaign County against the State to compel
7 the State to make any installment of the annual required State
8 contribution required by this Section, irrespective of other
9 remedies that may be available to the System. Each member or
10 annuitant of the System has the right to in any judicial
11 district in which the System maintains an office if the System
12 fails to bring an action specified in this Section,
13 irrespective of other remedies that may be available to the
14 member or annuitant. In making these determinations, the
15 required State contribution shall be calculated each year as a
16 level percentage of payroll over the years remaining to and
17 including fiscal year 2045 and shall be determined under the
18 projected unit credit actuarial cost method.

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

20 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

21 Sec. 15-157. Employee Contributions.

22 (a) Each participating employee shall make contributions
23 towards the retirement benefits payable under the retirement
24 program applicable to the employee from each payment of
25 earnings applicable to employment under this system on and

1 after the date of becoming a participant as follows: Prior to
2 September 1, 1949, 3 1/2% of earnings; from September 1, 1949
3 to August 31, 1955, 5%; from September 1, 1955 to August 31,
4 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
5 are to be considered as normal contributions for purposes of
6 this Article.

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

1 shall be deemed to be employed as a firefighter for the purpose
2 of determining the rate of employee contributions under this
3 Section.

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

11 (c) In addition to the amounts described in subsections (a)
12 and (b) of this Section, each participating employee shall make
13 contributions of 1% of earnings applicable under this system on
14 and after August 1, 1959. The contributions made under this
15 subsection (c) shall be considered as survivor's insurance
16 contributions for purposes of this Article if the employee is
17 covered under the traditional benefit package, and such
18 contributions shall be considered as additional contributions
19 for purposes of this Article if the employee is participating
20 in the self-managed plan or has elected to participate in the
21 portable benefit package and has completed the applicable
22 one-year waiting period. Contributions in excess of \$80 during
23 any fiscal year beginning before August 31, 1969 and in excess
24 of \$120 during any fiscal year thereafter until September 1,
25 1971 shall be considered as additional contributions for
26 purposes of this Article.

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

6 (1) beginning July 1, 2013 and through June 30, 2014,
7 1% of earnings; and

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

9 Except as otherwise specified, these contributions are to
10 be considered as normal contributions for purposes of this
11 Article.

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

17 (e) That fraction of a participant's total accumulated
18 normal contributions, the numerator of which is equal to the
19 number of years of service in excess of that which is required
20 to qualify for the maximum retirement annuity, and the
21 denominator of which is equal to the total service of the
22 participant, shall be considered as accumulated additional
23 contributions. The determination of the applicable maximum
24 annuity and the adjustment in contributions required by this
25 provision shall be made as of the date of the participant's
26 retirement.

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

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

9 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
10 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
11 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

12 (40 ILCS 5/16-106.4 new)

13 Sec. 16-106.4. Tier I member. "Tier I member": A member
14 under this Article who first became a member or participant
15 before January 1, 2011 under any reciprocal retirement system
16 or pension fund established under this Code other than a
17 retirement system or pension fund established under Article 2,
18 3, 4, 5, 6, or 18 of this Code and who is not a Tier I retiree.

19 (40 ILCS 5/16-106.5 new)

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

22 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

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

1 (a) The amount of the retirement annuity shall be (i) in
2 the case of a person who first became a teacher under this
3 Article before July 1, 2005, the larger of the amounts
4 determined under paragraphs (A) and (B) below, or (ii) in the
5 case of a person who first becomes a teacher under this Article
6 on or after July 1, 2005, the amount determined under the
7 applicable provisions of paragraph (B):

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

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

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

21 (3) If there is prior service, 2 times the amount
22 that would have been determined under subparagraph (2)
23 of paragraph (A) above on account of contributions
24 which would have been made during the period of prior
25 service creditable to the member had the System been in
26 operation and had the member made contributions at the

1 contribution rate in effect prior to July 1, 1947.

2 For the purpose of calculating the sum provided under
3 this paragraph (A), the contribution required under
4 subsection (a-5) of Section 16-152 shall not be considered
5 when determining the amount of the member's accumulated
6 contributions under subparagraph (1) or (2).

7 This paragraph (A) does not apply to a person who first
8 becomes a teacher under this Article on or after July 1,
9 2005.

10 (B) An amount consisting of the greater of the
11 following:

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

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

1 service and 2.3% of final average salary for each year
2 of creditable service earned on or after July 1, 1998
3 and after the member reaches a total of 30 years of
4 creditable service; and

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

7 (2) 1.5% of final average salary for each year of
8 creditable service plus the sum \$7.50 for each of the
9 first 20 years of creditable service.

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

1 least 85. Portions of years shall be counted as decimal
2 equivalents.

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

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

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

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

1 (e) The maximum retirement annuity provided under
2 paragraph (B) of this Section shall be 75% of final average
3 salary.

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

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

11 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)
12 Sec. 16-152. Contributions by members.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 this Article.

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

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

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

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

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

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 until November 15,
23 2011, the Board shall certify to the Governor the amount of the
24 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 and
2 shall specifically identify the System's projected State
3 normal cost for that fiscal year.

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

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

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

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

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

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

18 (b-1) Beginning in State fiscal year 1996, on the 15th day
19 of each month, or as soon thereafter as may be practicable, the
20 Board shall submit vouchers for payment of State contributions
21 to the System, in a total monthly amount of one-twelfth of the
22 required annual State contribution certified under subsection
23 (a-1). From the effective date of this amendatory Act of the
24 93rd General Assembly through June 30, 2004, the Board shall
25 not submit vouchers for the remainder of fiscal year 2004 in
26 excess of the fiscal year 2004 certified contribution amount

1 determined under this Section after taking into consideration
2 the transfer to the System under subsection (a) of Section
3 6z-61 of the State Finance Act. These vouchers shall be paid by
4 the State Comptroller and Treasurer by warrants drawn on the
5 funds appropriated to the System for that fiscal year.

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

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

18 (b-3) For State fiscal years 2015 through 2045, the minimum
19 contribution to the System to be made by the State for each
20 fiscal year shall be an amount determined by the System to be
21 sufficient to bring the total assets of the System up to 100%
22 of the total actuarial liabilities of the System by the end of
23 State fiscal year 2045. In making these determinations, the
24 required State contribution shall be calculated each year as a
25 level percentage of payroll over the years remaining to and
26 including fiscal year 2045 and shall be determined under the

1 projected unit credit actuarial cost method.

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

12 For State fiscal years 1996 through 2005, the State
13 contribution to the System, as a percentage of the applicable
14 employee payroll, shall be increased in equal annual increments
15 so that by State fiscal year 2011, the State is contributing at
16 the rate required under this Section; except that in the
17 following specified State fiscal years, the State contribution
18 to the System shall not be less than the following indicated
19 percentages of the applicable employee payroll, even if the
20 indicated percentage will produce a State contribution in
21 excess of the amount otherwise required under this subsection
22 and subsection (a), and notwithstanding any contrary
23 certification made under subsection (a-1) before the effective
24 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
25 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
26 2003; and 13.56% in FY 2004.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2006 is
3 \$534,627,700.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2007 is
6 \$738,014,500.

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

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

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

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

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

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

1 to the System under Section 25 of the Budget Stabilization Act.

2 Notwithstanding any other provision of this Code or the
3 Budget Stabilization Act, amounts transferred to the System
4 pursuant to the Budget Stabilization Act after the effective
5 date of this amendatory Act of the 98th General Assembly do not
6 reduce and do not constitute payment of any portion of the
7 required State contribution under this Article in that fiscal
8 year. Such amounts shall not reduce, and shall not be included
9 in the calculation of, the required State contributions under
10 this Article in any future year until the System has received
11 payment of contributions pursuant to the Budget Stabilization
12 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 subsection (a-1), 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 (c) Payment of the required State contributions and of all
13 pensions, retirement annuities, death benefits, refunds, and
14 other benefits granted under or assumed by this System, and all
15 expenses in connection with the administration and operation
16 thereof, are obligations of the State.

17 If members are paid from special trust or federal funds
18 which are administered by the employing unit, whether school
19 district or other unit, the employing unit shall pay to the
20 System from such funds the full accruing retirement costs based
21 upon that service, as determined by the System. Employer
22 contributions, based on salary paid to members from federal
23 funds, may be forwarded by the distributing agency of the State
24 of Illinois to the System prior to allocation, in an amount
25 determined in accordance with guidelines established by such
26 agency and the System.

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

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

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

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

26 (2) Beginning July 1, 1999 and thereafter, the employer

1 contribution shall be equal to 0.58% of each teacher's
2 salary.

3 The school district or other employing unit may pay these
4 employer contributions out of any source of funding available
5 for that purpose and shall forward the contributions to the
6 System on the schedule established for the payment of member
7 contributions.

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

11 Each employer of teachers is entitled to a credit against
12 the contributions required under this subsection (e) with
13 respect to salaries paid to teachers for the period January 1,
14 2002 through June 30, 2003, equal to the amount paid by that
15 employer under subsection (a-5) of Section 6.6 of the State
16 Employees Group Insurance Act of 1971 with respect to salaries
17 paid to teachers for that period.

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

23 If an employer is required by a contract in effect on May
24 1, 1998 between the employer and an employee organization to
25 pay, on behalf of all its full-time employees covered by this
26 Article, all mandatory employee contributions required under

1 this Article, then the employer shall be excused from paying
2 the employer contribution required under this subsection (e)
3 for the balance of the term of that contract. The employer and
4 the employee organization shall jointly certify to the System
5 the existence of the contractual requirement, in such form as
6 the System may prescribe. This exclusion shall cease upon the
7 termination, extension, or renewal of the contract at any time
8 after May 1, 1998.

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

1 on or after June 1, 2005 shall constitute a change in employer.
2 The System may require the employer to provide any pertinent
3 information or documentation. The changes made to this
4 subsection (f) by this amendatory Act of the 94th General
5 Assembly apply without regard to whether the teacher was in
6 service on or after its effective date.

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

22 The employer contributions required under this subsection
23 (f) may be paid in the form of a lump sum within 90 days after
24 receipt of the bill. If the employer contributions are not paid
25 within 90 days after receipt of the bill, then interest will be
26 charged at a rate equal to the System's annual actuarially

1 assumed rate of return on investment compounded annually from
2 the 91st day after receipt of the bill. Payments must be
3 concluded within 3 years after the employer's receipt of the
4 bill.

5 (g) This subsection (g) applies only to payments made or
6 salary increases given on or after June 1, 2005 but before July
7 1, 2011. The changes made by Public Act 94-1057 shall not
8 require the System to refund any payments received before July
9 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

1 computed on the teacher's current salary and work schedule.

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

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

22 (h) When assessing payment for any amount due under
23 subsection (f), the System shall exclude any salary increase
24 described in subsection (g) of this Section given on or after
25 July 1, 2011 but before July 1, 2014 under a contract or
26 collective bargaining agreement entered into, amended, or

1 renewed on or after June 1, 2005 but before July 1, 2011.
2 Notwithstanding any other provision of this Section, any
3 payments made or salary increases given after June 30, 2014
4 shall be used in assessing payment for any amount due under
5 subsection (f) of this Section.

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

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

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

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

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

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

25 As of June 30, 2008, the actuarial value of the System's
26 assets shall be equal to the market value of the assets as of

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

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

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

13 (40 ILCS 5/16-158.2 new)

14 Sec. 16-158.2. Obligations of State; funding guarantee.
15 Pursuant to Article XIII, Section 5 of the 1970 Constitution of
16 the State of Illinois, beginning on July 1, 2013, the State
17 shall, as a retirement benefit to each participant and
18 annuitant of the System be contractually obligated to the
19 System (as a fiduciary and trustee of the participants and
20 annuitants) to pay the annual required State contribution, as
21 determined by the Board of the System using generally accepted
22 actuarial principles, as is necessary to bring the total assets
23 of the System up to 100% of the total actuarial liabilities of
24 the System by the end of State fiscal year 2045. As a further
25 retirement benefit and contractual obligation, each fiscal

1 year, the State shall pay to each designated retirement system
2 the annual required State contribution certified by the Board
3 for that fiscal year. Payments of the annual required State
4 contribution for each fiscal year shall be made in equal
5 monthly installments. Additionally, beginning in fiscal year
6 2014, State transfers to the Pension Stabilization Fund
7 pursuant to Section 20 of the Budget Stabilization Act and
8 payments to the System pursuant to Section 25 of the Budget
9 Stabilization Act shall be further retirement benefits and
10 contractual obligations. The transfers and payments prescribed
11 in Sections 20 and 25 of the Budget Stabilization Act shall not
12 be used by the retirement system when calculation any pension
13 payment until the System has reached a funded level of 100%.
14 This Section and the security it provides to participants and
15 annuitants is intended to be, and is, a contractual right that
16 is part of the pension benefits provided to the participants
17 and annuitants. Notwithstanding anything to the contrary in the
18 Court of Claims Act or any other law, a designated retirement
19 system has the exclusive right to and shall bring a mandamus
20 action in the Circuit Court of Sangamon County against the
21 State to compel the State to make any installment of the annual
22 required State contribution required by this Section,
23 irrespective of other remedies that may be available to the
24 System. Each member or annuitant of the System has the right to
25 in any judicial district in which the System maintains an
26 office if the System fails to bring an action specified in this

1 Section, irrespective of other remedies that may be available
2 to the member or annuitant. In making these determinations, the
3 required State contribution shall be calculated each year as a
4 level percentage of payroll over the years remaining to and
5 including fiscal year 2045 and shall be determined under the
6 projected unit credit actuarial cost method.

7 Section 99. Effective date. This Act takes effect July 1,
8 2013.".