



Sen. Dale A. Righter

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LRB097 16633 JDS 70518 a

1 AMENDMENT TO SENATE BILL 3111

2 AMENDMENT NO. _____. Amend Senate Bill 3111 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. The State Employees Group Insurance Act of 1971
5 is amended by adding Section 6.16 as follows:

6 (5 ILCS 375/6.16 new)

7 Sec. 6.16. Health benefit election for Tier I employees and
8 Tier I retirees.

9 (a) For purposes of this Section:

10 "Eligible Tier I employee" means an individual who makes or
11 is deemed to have made an election under paragraph (1) of
12 subsection (a) of Section 2-110.3 of the Illinois Pension Code.

13 "Eligible Tier I retiree" means an individual who makes or
14 is deemed to have made an election under paragraph (1) of
15 subsection (a-5) of Section 2-110.3 of the Illinois Pension
16 Code.

1 "Program of health benefits" means (i) a health plan, as
2 defined in subsection (o) of Section 3 of this Act, that is
3 designed and contracted for by the Director under this Act or
4 any successor Act or (ii) if administration of that health plan
5 is transferred to a trust established by the State or an
6 independent Board in order to provide health benefits to a
7 class of a persons that includes eligible Tier I retirees, then
8 the plan of health benefits provided through that trust.

9 (b) As adequate and legal consideration for making the
10 election under paragraph (1) of subsection (a) or (a-5) of
11 Section 2-110.3 of the Illinois Pension Code, each eligible
12 Tier I employee and each eligible Tier I retiree shall receive
13 a vested and enforceable contractual right to participate in a
14 program of health benefits while he or she qualifies as an
15 annuitant or retired employee. That right also extends to such
16 a person's dependents and survivors if they are eligible under
17 the applicable program of health benefits.

18 (c) Notwithstanding subsection (b), eligible Tier I
19 employees and eligible Tier I retirees may be required to make
20 contributions toward the cost of coverage under a program of
21 health benefits.

22 (d) The vested and enforceable contractual right to a
23 program of health benefits is not offered as, and shall not be
24 considered, a pension benefit under Article XIII, Section 5 of
25 the Illinois Constitution, the Illinois Pension Code, or any
26 subsequent or successor enactment providing pension benefits.

1 (e) Notwithstanding any other provision of this Act, a Tier
2 I employee or Tier I retiree who has made an election under
3 paragraph (2) of subsection (a) or (a-5) of Section 2-110.3 of
4 the Illinois Pension Code shall not be entitled to participate
5 in the program of health benefits as an annuitant or retired
6 employee.

7 Notwithstanding any other provision of this Act, a Tier I
8 employee who is not entitled to participate in the program of
9 health benefits as an annuitant or retired employee due to an
10 election under paragraph (2) of subsection (a) or (a-5) of
11 Section 2-110.3 of the Illinois Pension Code shall not be
12 required to make contributions toward the program of health
13 benefits while he or she is an employee.

14 Section 5. The Illinois Pension Code is amended by changing
15 Sections 2-108, 2-119.1, 2-124, and 2-134 and by adding
16 Sections 2-105.1, 2-105.2, 2-107.9, and 2-110.3 as follows:

17 (40 ILCS 5/2-105.1 new)

18 Sec. 2-105.1. Tier I employee. "Tier I employee": A
19 participant who first became a participant before January 1,
20 2011.

21 (40 ILCS 5/2-105.2 new)

22 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a
23 former Tier I employee who is receiving a retirement annuity.

1 (40 ILCS 5/2-107.9 new)

2 Sec. 2-107.9. Future increase in income. "Future increase
3 in income": Any increase in income in any form offered for
4 service as a member under this Article after June 30, 2013 that
5 would qualify as "salary", as defined under Section 2-108, but
6 for the fact that the increase in income was offered to the
7 member on the condition that it not qualify as salary and was
8 accepted by the member subject to that condition.

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

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

17 (2) For the State executive officers specified in Section
18 2-105, the total compensation paid to the member for one year
19 of service.

20 (3) For members of the System who are participants under
21 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
22 of the House of Representatives or Secretary or Assistant
23 Secretary of the Senate, the total compensation paid to the
24 member for one year of service, but not to exceed the salary of

1 the highest salaried officer of the General Assembly.

2 However, in the event that federal law results in any
3 participant receiving imputed income based on the value of
4 group term life insurance provided by the State, such imputed
5 income shall not be included in salary for the purposes of this
6 Article.

7 Notwithstanding any other provision of this Section,
8 "salary" does not include any future increase in income that is
9 offered for service as a member under this Article pursuant to
10 the requirements of subsection (c) of Section 2-110.3 and
11 accepted by a Tier I employee, or a Tier I retiree returning to
12 active service, who has made an election under paragraph (2) of
13 subsection (a) or (a-5) of Section Section 2-110.3.

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

15 (40 ILCS 5/2-110.3 new)

16 Sec. 2-110.3. Election by Tier I employees and Tier I
17 retirees.

18 (a) Each Tier I employee shall make an irrevocable election
19 either:

20 (1) to agree to the following:

21 (i) to have the amount of the automatic annual
22 increases in his or her retirement annuity that are
23 otherwise provided for in this Article calculated,
24 instead, as provided in subsection (a-1) of Section
25 2-119.1; and

1 (ii) to have his or her eligibility for automatic
2 annual increases in retirement annuity postponed as
3 provided in subsection (a-2) of Section 2-119.1 and to
4 relinquish the additional increases provided in
5 subsection (b) of Section 2-119.1; or
6 (2) to not agree to items (i) and (ii) as set forth in
7 paragraph (1) of this subsection.

8 The election required under this subsection (a) shall be
9 made by each Tier I employee no earlier than January 1, 2013
10 and no later than May 31, 2013, except that:

11 (i) a person who becomes a Tier I employee under this
12 Article after January 1, 2013 must make the election under
13 this subsection (a) within 60 days after becoming a Tier I
14 employee;

15 (ii) a person who returns to active service as a Tier I
16 employee under this Article after January 1, 2013 and has
17 not yet made an election under this Section must make the
18 election under this subsection (a) within 60 days after
19 returning to active service as a Tier I employee; and

20 (iii) a person who made the election under subsection
21 (a-5) as a Tier I retiree remains bound by that election
22 and shall not make a later election under this subsection
23 (a).

24 If a Tier I employee fails for any reason to make a
25 required election under this subsection within the time
26 specified, then the employee shall be deemed to have made the

1 election under paragraph (2) of this subsection.

2 (a-5) Each Tier I retiree shall make an irrevocable
3 election either:

4 (1) to agree to the following:

5 (i) to have the amount of the automatic annual
6 increases in his or her retirement annuity that are
7 otherwise provided for in this Article calculated,
8 instead, as provided in subsection (a-1) of Section
9 2-119.1; and

10 (ii) to have his or her eligibility for automatic
11 annual increases in retirement annuity postponed as
12 provided in subsection (a-2) of Section 2-119.1 and to
13 relinquish the additional increases provided in
14 subsection (b) of Section 2-119.1; or

15 (2) to not agree to items (i) and (ii) as set forth in
16 paragraph (1) of this subsection.

17 The election required under this subsection (a-5) shall be
18 made by each Tier I retiree no earlier than January 1, 2013 and
19 no later than May 31, 2013, except that:

20 (i) a person who becomes a Tier I retiree under this
21 Article on or after January 1, 2013 must make the election
22 under this subsection (a-5) within 60 days after becoming a
23 Tier I retiree; and

24 (ii) a person who made the election under subsection
25 (a) as a Tier I employee remains bound by that election and
26 shall not make a later election under this subsection

1 (a-5).

2 If a Tier I retiree fails for any reason to make a required
3 election under this subsection within the time specified, then
4 the Tier I retiree shall be deemed to have made the election
5 under paragraph (2) of this subsection.

6 (a-10) All elections under subsection (a) or (a-5) that are
7 made or deemed to be made before June 1, 2013 shall take effect
8 on July 1, 2013. Elections that are made or deemed to be made
9 on or after June 1, 2013 shall take effect on the first day of
10 the month following the month in which the election is made or
11 deemed to be made.

12 (b) As adequate and legal consideration provided under this
13 amendatory Act of the 97th General Assembly for making the
14 election under paragraph (1) of subsection (a) of this Section,
15 any future increases in income offered for service as a member
16 under this Article to a Tier I employee who has made the
17 election under paragraph (1) of subsection (a) of this Section
18 shall be offered expressly and irrevocably as constituting
19 salary under Section 2-108.

20 As adequate and legal consideration provided under this
21 amendatory Act of the 97th General Assembly for making the
22 election under paragraph (1) of subsection (a-5) of this
23 Section, any future increases in income offered for service as
24 a member under this Article to a Tier I retiree who returns to
25 active service after having made the election under paragraph
26 (1) of subsection (a-5) of this Section shall be offered

1 expressly and irrevocably as constituting salary under Section
2 2-108.

3 (c) A Tier I employee who makes the election under
4 paragraph (2) of subsection (a) of this Section shall not be
5 subject to items (i) and (ii) set forth in paragraph (1) of
6 subsection (a) of this Section. However, any future increases
7 in income offered for service as a member under this Article to
8 a Tier I employee who has made the election under paragraph (2)
9 of subsection (a) of this Section shall be offered expressly
10 and irrevocably as not constituting salary under Section 2-108,
11 and the member may not accept any future increase in income
12 that is offered in violation of this requirement.

13 A Tier I retiree who makes the election under paragraph (2)
14 of subsection (a-5) of this Section shall not be subject to
15 items (i) and (ii) set forth in paragraph (1) of subsection
16 (a-5) of this Section. However, any future increases in income
17 offered for service as a member under this Article to a Tier I
18 retiree who returns to active service and has made the election
19 under paragraph (2) of subsection (a-5) of this Section shall
20 be offered expressly and irrevocably as not constituting salary
21 under Section 2-108, and the member may not accept any future
22 increase in income that is offered in violation of this
23 requirement.

24 (d) The System shall make a good faith effort to contact
25 each Tier I employee and Tier I retiree subject to this
26 Section. The System shall mail information describing the

1 required election to each Tier I employee and Tier I retiree by
2 United States Postal Service mail to his or her last known
3 address on file with the System. If the Tier I employee or Tier
4 I retiree is not responsive to other means of contact, it is
5 sufficient for the System to publish the details of any
6 required elections on its website or to publish those details
7 in a regularly published newsletter or other existing public
8 forum.

9 Tier I employees and Tier I retirees who are subject to
10 this Section shall be provided with an election packet
11 containing information regarding their options, as well as the
12 forms necessary to make the required election. Upon request,
13 the System shall offer Tier I employees and Tier I retirees an
14 opportunity to receive information from the System before
15 making the required election. The information may be provided
16 through video materials, group presentations, individual
17 consultation with a member or authorized representative of the
18 System in person or by telephone or other electronic means, or
19 any combination of those methods. The System shall not provide
20 advice or counseling with respect to which election a Tier I
21 employee or Tier I retiree should make or specific to the legal
22 or tax circumstances of or consequences to the Tier I employee
23 or Tier I retiree.

24 The System shall inform Tier I employees and Tier I
25 retirees in the election packet required under this subsection
26 that the Tier I employee or Tier I retiree may also wish to

1 obtain information and counsel relating to the election
2 required under this Section from any other available source,
3 including but not limited to labor organizations and private
4 counsel.

5 The System shall coordinate with the Illinois Department of
6 Central Management Services and each other retirement system
7 administering an election in accordance with this amendatory
8 Act of the 97th General Assembly to provide information
9 concerning the impact of the election under this Section.

10 In no event shall the System, its staff, or the Board be
11 held liable for any information given to a member, beneficiary,
12 or annuitant regarding the elections under this Section.

13 (e) Notwithstanding any other provision of law, any future
14 increases in income offered for service as a member must be
15 offered expressly and irrevocably as not constituting "salary"
16 under Section 2-108 to any Tier I employee, or Tier I retiree
17 returning to active service, who has made an election under
18 paragraph (2) or subsection (a) or (a-5) of Section 2-110.3. A
19 Tier I employee, or Tier I retiree returning to active service,
20 who has made an election under paragraph (2) or subsection (a)
21 or (a-5) of Section 2-110.3 shall not accept any future
22 increase in income that is offered for service as a member
23 under this Article in violation of the requirement set forth in
24 this subsection.

25 (f) A member's election under this Section is not a
26 prohibited election under subdivision (j)(1) of Section 1-119

1 of this Code.

2 (g) No provision of this Section shall be interpreted in a
3 way that would cause the System to cease to be a qualified plan
4 under section 461 (a) of the Internal Revenue Code of 1986.

5 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

6 Sec. 2-119.1. Automatic increase in retirement annuity.

7 (a) Except as provided in subsections (a-1) and (a-2), a ~~A~~
8 participant who retires after June 30, 1967, and who has not
9 received an initial increase under this Section before the
10 effective date of this amendatory Act of 1991, shall, in
11 January or July next following the first anniversary of
12 retirement, whichever occurs first, and in the same month of
13 each year thereafter, but in no event prior to age 60, have the
14 amount of the originally granted retirement annuity increased
15 as follows: for each year through 1971, 1 1/2%; for each year
16 from 1972 through 1979, 2%; and for 1980 and each year
17 thereafter, 3%. Annuitants who have received an initial
18 increase under this subsection prior to the effective date of
19 this amendatory Act of 1991 shall continue to receive their
20 annual increases in the same month as the initial increase.

21 (a-1) Notwithstanding any other provision of this Article,
22 for a Tier I employee or Tier I retiree who made the election
23 under paragraph (1) of subsection (a) or (a-5) of Section
24 2-110.3, the amount of each automatic annual increase in
25 retirement annuity occurring on or after the effective date of

1 that election shall be 3% or one-half of the annual unadjusted
2 percentage increase, if any, in the Consumer Price Index-U for
3 the 12 months ending with the preceding September, whichever is
4 less, of the originally granted retirement annuity. For the
5 purposes of this Section, "Consumer Price Index-U" means the
6 index published by the Bureau of Labor Statistics of the United
7 States Department of Labor that measures the average change in
8 prices of goods and services purchased by all urban consumers,
9 United States city average, all items, 1982-84 = 100.

10 (a-2) For a Tier I employee or Tier I retiree who made the
11 election under paragraph (1) of subsection (a) or (a-5) of
12 Section 2-110.3, the monthly retirement annuity shall first be
13 subject to annual increases on the January 1 occurring on or
14 next after the attainment of age 67 or the January 1 occurring
15 on or next after the fifth anniversary of the annuity start
16 date, whichever occurs earlier. If on the effective date of the
17 election under paragraph (1) of subsection (a-5) of Section
18 2-110.3 a Tier I retiree has already received an annual
19 increase under this Section but does not yet meet the new
20 eligibility requirements of this subsection, the annual
21 increases already received shall continue in force, but no
22 additional annual increase shall be granted until the Tier I
23 retiree meets the new eligibility requirements.

24 (b) Beginning January 1, 1990, for eligible participants
25 who remain in service after attaining 20 years of creditable
26 service, the 3% increases provided under subsection (a) shall

1 begin to accrue on the January 1 next following the date upon
2 which the participant (1) attains age 55, or (2) attains 20
3 years of creditable service, whichever occurs later, and shall
4 continue to accrue while the participant remains in service;
5 such increases shall become payable on January 1 or July 1,
6 whichever occurs first, next following the first anniversary of
7 retirement. For any person who has service credit in the System
8 for the entire period from January 15, 1969 through December
9 31, 1992, regardless of the date of termination of service, the
10 reference to age 55 in clause (1) of this subsection (b) shall
11 be deemed to mean age 50.

12 This subsection (b) does not apply to any person who first
13 becomes a member of the System after August 8, 2003 (the
14 effective date of Public Act 93-494) or (ii) has made the
15 election under paragraph (1) of subsection (a) or (a-5) of
16 Section 2-110.3; except that if on the effective date of the
17 election under paragraph (1) of subsection (a-5) of Section
18 2-110.3 a Tier I retiree has already received a retirement
19 annuity based on any annual increases under this subsection,
20 those annual increases under this subsection shall continue in
21 force ~~this amendatory Act of the 93rd General Assembly.~~

22 (b-5) Notwithstanding any other provision of this Article,
23 a participant who first becomes a participant on or after
24 January 1, 2011 (the effective date of Public Act 96-889)
25 shall, in January or July next following the first anniversary
26 of retirement, whichever occurs first, and in the same month of

1 each year thereafter, but in no event prior to age 67, have the
2 amount of the retirement annuity then being paid increased by
3 3% or the annual unadjusted percentage increase in the Consumer
4 Price Index for All Urban Consumers as determined by the Public
5 Pension Division of the Department of Insurance under
6 subsection (a) of Section 2-108.1, whichever is less.

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

17 (d) A participant who terminated service prior to July 1,
18 1967, with at least 14 years of service is entitled to an
19 increase in retirement annuity beginning January, 1976, and to
20 additional increases in January of each year thereafter.

21 The initial increase shall be 1 1/2% of the originally
22 granted retirement annuity multiplied by the number of full
23 years that the annuitant was in receipt of such annuity prior
24 to January 1, 1972, plus 2% of the originally granted
25 retirement annuity for each year after that date. The
26 subsequent annual increases shall be at the rate of 2% of the

1 originally granted retirement annuity for each year through
2 1979 and at the rate of 3% for 1980 and thereafter.

3 (e) Beginning January 1, 1990, all automatic annual
4 increases payable under this Section shall be calculated as a
5 percentage of the total annuity payable at the time of the
6 increase, including previous increases granted under this
7 Article.

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

9 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

10 Sec. 2-124. Contributions by State.

11 (a) Except as otherwise provided in this Section, the ~~The~~
12 State shall make contributions to the System by appropriations
13 of amounts which, together with the contributions of
14 participants, interest earned on investments, and other income
15 will meet the cost of maintaining and administering the System
16 on a 90% funded basis in accordance with actuarial
17 recommendations.

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

23 (c) Except as otherwise provided in this Section, for ~~For~~
24 State fiscal years 2012 through 2045, the minimum contribution
25 to the System to be made by the State for each fiscal year

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

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

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2006 is
16 \$4,157,000.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2007 is
19 \$5,220,300.

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

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2010 is
2 \$10,454,000 and shall be made from the proceeds of bonds sold
3 in fiscal year 2010 pursuant to Section 7.2 of the General
4 Obligation Bond Act, less (i) the pro rata share of bond sale
5 expenses determined by the System's share of total bond
6 proceeds, (ii) any amounts received from the General Revenue
7 Fund in fiscal year 2010, and (iii) any reduction in bond
8 proceeds due to the issuance of discounted bonds, if
9 applicable.

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

21 Except as otherwise provided in this Section, beginning
22 ~~Beginning~~ in State fiscal year 2046, the minimum State
23 contribution for each fiscal year shall be the amount needed to
24 maintain the total assets of the System at 90% of the total
25 actuarial liabilities of the System.

26 Amounts received by the System pursuant to Section 25 of

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

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

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

11 (c-1) If at least 50% of Tier I employees making an
12 election under Section 2-110.3 before June 1, 2013 choose the
13 option under paragraph (1) of subsection (a) of that Section,
14 then:

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

1 year 2043 and shall be determined under the projected unit
2 credit actuarial cost method.

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

7 (c-2) If less than 50% of Tier I employees making an
8 election under Section 2-110.3 before June 1, 2013 choose the
9 option under paragraph (1) of subsection (a) of that Section,
10 then:

11 (1) Instead of the annual required contribution
12 otherwise specified in subsection (c-1) of this Section,
13 the annual required contribution to the System to be made
14 by the State shall be determined under subsection (c) of
15 this Section.

16 (2) As soon as possible after June 1, 2013, the Board
17 shall recertify the annual required contribution by the
18 State for State fiscal year 2014.

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

23 As of June 30, 2008, the actuarial value of the System's
24 assets shall be equal to the market value of the assets as of
25 that date. In determining the actuarial value of the System's
26 assets for fiscal years after June 30, 2008, any actuarial

1 gains or losses from investment return incurred in a fiscal
2 year shall be recognized in equal annual amounts over the
3 5-year period following that fiscal year.

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

8 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09;
9 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff.
10 3-18-11; revised 4-6-11.)

11 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

12 Sec. 2-134. To certify required State contributions and
13 submit vouchers.

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

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

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

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

24 On or before July 1, 2005, the Board shall recalculate and
25 recertify to the Governor the amount of the required State
26 contribution to the System for State fiscal year 2006, taking

1 into account the changes in required State contributions made
2 by this amendatory Act of the 94th General Assembly.

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

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

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

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

13 (Source: P.A. 95-331, eff. 8-21-07; 96-1497, eff. 1-14-11;
14 96-1511, eff. 1-27-11.)

15 Section 105. Inseverability. The provisions of Section
16 5 of this Act are mutually dependent and inseverable. If any of
17 those provisions is held invalid other than as applied to a
18 particular person or circumstance, then all of those provisions
19 are invalid.

20 Section 999. Effective date. This Act takes effect upon
21 becoming law."