HB3661

LRB09905216EFG25250b

99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB3661

by Rep. Mike Fortner

SYNOPSIS AS INTRODUCED:

See Index

Amends the Budget Stabilization Act. Makes changes concerning transfers from the General Revenue Fund to the Pension Stabilization Fund. Amends the State Universities, Downstate Teacher, and Chicago Teacher Articles of the Illinois Pension Code. Consolidates those systems into a single retirement system under Article 15 of the Code, to be known as the Illinois Teachers' Retirement Fund. Creates a new Board for the Fund. Imposes limits on pensionable salary, and requires participation in the self-managed plan to the extent that a participant's salary exceeds the salary cap. Changes participant contributions. Makes changes relating to State and employer funding. Shifts responsibility for a portion of the required State contribution to the actual employer and provides for the State to make certain payments to the actual employer. Authorizes actions to enforce payments by employers. Changes the formula for calculating the minimum required State contribution to these systems. Provides that the State is contractually obligated to pay the annual required State contribution to these retirement systems. Contains provisions requiring the retirement system to bring a mandamus action to compel payment of a required State contribution. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB099 05216 EFG 25250 b

FISCAL NOTE ACT MAY APPLY	PENSION IMPACT NOTE ACT MAY APPLY	STATE MANDATES ACT MAY REQUIRE REIMBURSEMENT

A BILL FOR

AN ACT concerning public employee benefits.

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

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

(30 ILCS 122/20)

Sec. 20. Pension Stabilization Fund.

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

(b) For each fiscal year through State fiscal year 2014, when the General Assembly's appropriations and transfers or diversions as required by law from general funds do not exceed 99% of the estimated general funds revenues pursuant to subsection (a) of Section 10, the Comptroller shall transfer from the General Revenue Fund as provided by this Section a total amount equal to 0.5% of the estimated general funds revenues to the Pension Stabilization Fund.

(c) For each fiscal year through State fiscal year <u>2015</u> ~~2014~~, when the General Assembly's appropriations and transfers or diversions as required by law from general funds do not exceed 98% of the estimated general funds revenues pursuant to subsection (b) of Section 10, the Comptroller shall transfer from the General Revenue Fund as provided by this Section a total amount equal to 1.0% of the estimated general funds revenues to the Pension Stabilization Fund.

(c-5) In Fiscal Year 2016, the State Comptroller shall order transferred and the State Treasurer shall transfer $4,100,000,000 from the General Revenue Fund to the Pension Stabilization Fund. In each fiscal year thereafter, the State Comptroller shall order transferred and the State Treasurer shall transfer from the General Revenue Fund to the Pension Stabilization Fund the amount transferred under this subsection (c-5) in the previous fiscal year increased by 2.25%.

(c-10) In addition, in Fiscal Year 2018 and each fiscal year thereafter, the State Comptroller shall order transferred and the State Treasurer shall transfer $693,500,000 from the General Revenue Fund to the Pension Stabilization Fund.

(c-15) In addition, in Fiscal Year 2022 and each fiscal year thereafter, the State Comptroller shall order transferred and the State Treasurer shall transfer $900,000,000 from the General Revenue Fund to the Pension Stabilization Fund.

(c-20) In addition, in Fiscal Year 2036 and each fiscal year thereafter, the State Comptroller shall order transferred and the State Treasurer shall transfer $1,100,000,000 from the General Revenue Fund to the Pension Stabilization Fund.

(c-25) The transfers made pursuant to subsections (c-5) through (c-20) of this Section shall continue until Fiscal Year 2047 or until each of the designated retirement systems, as defined in Section 25, has achieved a funding ratio of at least 100%, whichever occurs first.

~~(c-5) In addition to any other amounts required to be transferred under this Section, in State fiscal year 2016 and each fiscal year thereafter through State fiscal year 2045, or when each of the designated retirement systems, as defined in Section 25, has achieved 100% funding, whichever occurs first, the State Comptroller shall order transferred and the State Treasurer shall transfer from the General Revenue Fund to the Pension Stabilization Fund an amount equal to 10% of (1) the sum of the amounts certified by the designated retirement systems under subsection (a-5) of Section 2-134, subsection (a-10) of Section 14-135.08, subsection (a-10) of Section 15-165, and subsection (a-10) of Section 16-158 of this Code for that fiscal year minus (2) the sum of (i) the transfer required under subsection (c-10) of this Section for that fiscal year and (ii) the sum of the required State contributions certified by the retirement systems under subsection (a) of Section 2-134, subsection (a-5) of Section 14-135.08, subsection (a-5) of Section 15-165, and subsection (a-5) of Section 16-158 of this Code for that fiscal year. The transferred amount is intended to represent one-tenth of the annual savings to the State resulting from the enactment of this amendatory Act of the 98th General Assembly.~~

~~(c-10) In State fiscal year 2019, the State Comptroller shall order transferred and the State Treasurer shall transfer $364,000,000 from the General Revenue Fund to the Pension Stabilization Fund. In State fiscal year 2020 and each fiscal year thereafter until terminated under subsection (c-15), the State Comptroller shall order transferred and the State Treasurer shall transfer $1,000,000,000 from the General Revenue Fund to the Pension Stabilization Fund.~~

~~(c-15) The transfers made beginning in State fiscal year 2020 pursuant to subsection (c-10) of this Section shall terminate at the end of State fiscal year 2045 or when each of the designated retirement systems, as defined in Section 25, has achieved 100% funding, whichever occurs first.~~

(d) The Comptroller shall transfer 1/12 of the total amount to be transferred each fiscal year under this Section into the Pension Stabilization Fund on the first day of each month of that fiscal year or as soon thereafter as possible; except that the final transfer of the fiscal year shall be made as soon as practical after the August 31 following the end of the fiscal year.

Until State fiscal year <u>2016</u> ~~2015~~, before the final transfer for a fiscal year is made, the Comptroller shall reconcile the estimated general funds revenues used in calculating the other transfers under this Section for that fiscal year with the actual general funds revenues for that fiscal year. The final transfer for the fiscal year shall be adjusted so that the total amount transferred under this Section for that fiscal year is equal to the percentage specified in subsection (b) or (c) of this Section, whichever is applicable, of the actual general funds revenues for that fiscal year. The actual general funds revenues for the fiscal year shall be calculated in a manner consistent with subsection (c) of Section 10 of this Act.

(Source: P.A. 98-599, eff. 6-1-14.)

(30 ILCS 122/25)

Sec. 25. Transfers from the Pension Stabilization Fund.

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

(1) the State Employees' Retirement System of Illinois;

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

(3) the Illinois Teachers' Retirement Fund ~~State Universities Retirement System~~;

(4) the Judges Retirement System of Illinois; and

(5) the General Assembly Retirement System.

(b) As soon as may be practical after any money is deposited into the Pension Stabilization Fund, the State Comptroller shall apportion the deposited amount among the designated retirement systems and the State Comptroller and State Treasurer shall pay the apportioned amounts to the designated retirement systems. The amount deposited shall be apportioned among the designated retirement systems in proportion to their respective certified State contributions for the State fiscal year in which the payment is made to those systems ~~in the same proportion as their respective portions of the total actuarial reserve deficiency of the designated retirement systems, as most recently determined by the Governor's Office of Management and Budget~~. Amounts received by a designated retirement system under this Section shall be used for funding the unfunded liabilities of the retirement system. Payments under this Section are authorized by the continuing appropriation under Section 1.7 of the State Pension Funds Continuing Appropriation Act. The total amount transferred to the designated retirement systems in Fiscal Year 2016 shall not be less than $4,100,000,000. In each Fiscal Year thereafter, the total amount transferred to the designated retirement systems shall not be less than the total amount transferred in the previous fiscal year.

(c) At the request of the State Comptroller, the Governor's Office of Management and Budget shall determine the individual and total actuarial reserve deficiencies of the designated retirement systems. For this purpose, the Governor's Office of Management and Budget shall consider the latest available audit and actuarial reports of each of the retirement systems and the relevant reports and statistics of the Public Pension Division of the Department of Insurance.

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

Payments to the designated retirement systems under this Section received after the effective date of this amendatory Act of the 98th General Assembly, and any investment earnings attributable to such payments, do not reduce and do not constitute payment of any portion of the required State contribution under Article 2, 14, 15, 16, or 18 of the Illinois Pension Code in the current fiscal year. Such amounts shall not reduce, and shall not be included in the calculation of, the required State contribution under Article 2, 14, 15, 16, or 18 of the Illinois Pension Code in any future fiscal year, until the designated retirement system has reached the targeted funding ratio as prescribed by law for that retirement system. Such payments may be invested in the same manner as other assets of the designated retirement system and shall be used in the calculation of the system's funding ratio for the purposes of this Section and Section 20 of this Act. Payments under this Section may be used for any associated administrative costs.

(Source: P.A. 98-599, eff. 6-1-14.)

Section 10. The Illinois Pension Code is amended by changing Sections 15-101, 15-103, 15-111, 15-155, 15-157, 15-158.2, 16-101, and 17-101 and adding Sections 15-112.1, 15-155.1, 15-159.1, and 15-165.1 as follows:

(40 ILCS 5/15-101) (from Ch. 108 1/2, par. 15-101)

Sec. 15-101. Creation of system.

(a) Until July 1, 2015, a ~~A~~ retirement system is created to provide retirement annuities and other benefits for employees, as defined in this Article, and their dependents.

The system shall be known and may be cited as State Universities Retirement System. All the business of the system shall be transacted in that name.

(b) On July 1, 2015, the retirement system established under this Article is merged and consolidated with the Article 16 and 17 retirement systems into a single retirement fund, to be known as the Illinois Teachers' Retirement Fund, which shall be established and administered as prescribed in this Article.

(c) In preparation for that consolidation, the Board of this System shall cooperate with the boards of trustees of the Article 16 and 17 retirement systems.

(d) At the time of consolidation, or as otherwise directed by the Board of the Illinois Teachers' Retirement Fund, all assets and liabilities belonging to the System established under this Article shall become the assets and liabilities of the Illinois Teachers' Retirement Fund, and all current or former members and beneficiaries of the System established under this Article shall be deemed current or former participants and beneficiaries of the Illinois Teachers'

Retirement Fund.

(e) The Illinois Teachers' Retirement Fund shall be the legal successor to the System established under this Article and it may exercise any of the rights and powers and perform any of the duties of that System. The Illinois Teachers' Retirement Fund may, in its discretion, either continue, renegotiate, or terminate any personnel, service contract, lease, or other contract of any of the retirement systems consolidated under this Article.

(f) The consolidation of the System established under this Article shall not diminish or impair the benefits of any person who participated in that System, or of any such person's surviving spouse, children, or other dependents.

Benefits already payable by the System on June 30, 2015 shall become payable from the Illinois Teachers' Retirement Fund beginning on July 1, 2015, and shall not be subject to recalculation or combination due to the consolidation.

Benefits that first become payable on or after July 1, 2015 shall be calculated and paid as provided in this Article 15.

The consolidation of the System established under this Article does not entitle any person to a recalculation of any benefit previously granted or a refund of any contribution previously paid.

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

(40 ILCS 5/15-103) (from Ch. 108 1/2, par. 15-103)

Sec. 15-103. System. "System": Until July 1, 2015, the ~~The~~ State Universities Retirement System.

Beginning July 1, 2015, "system" or "fund" means the Illinois Teachers' Retirement Fund created under this Article to consolidate the retirement systems previously established under this Article and Articles 16 and 17 of this Code; depending on the context, the terms may include one or more of those previously established retirement systems.

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

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

Sec. 15-111. Earnings.

(a) "Earnings": An amount paid for personal services equal to the sum of the basic compensation plus extra compensation for summer teaching, overtime or other extra service. For periods for which an employee receives service credit under subsection (c) of Section 15-113.1 or Section 15-113.2, earnings are equal to the basic compensation on which contributions are paid by the employee during such periods. Compensation for employment which is irregular, intermittent and temporary shall not be considered earnings, unless the participant is also receiving earnings from the employer as an employee under Section 15-107.

With respect to transition pay paid by the University of Illinois to a person who was a participating employee employed in the fire department of the University of Illinois's

Champaign-Urbana campus immediately prior to the elimination of that fire department:

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

(2) "Earnings" includes transition pay paid to the employee before the effective date of this amendatory Act of the 91st General Assembly only if (i) employee contributions under Section 15-157 have been withheld from that transition pay or (ii) the employee pays to the System before January 1, 2001 an amount representing employee contributions under Section 15-157 on that transition pay. Employee contributions under item (ii) may be paid in a lump sum, by withholding from additional transition pay accruing before January 1, 2001, or in any other manner approved by the System. Upon payment of the employee contributions on transition pay, the corresponding employer contributions become an obligation of the State.

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

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

(c) Notwithstanding any other provision of this Code, the annual earnings of a Tier 1 member for the purposes of this Code shall not exceed, for periods of service on or after the effective date of this amendatory Act of the 98th General Assembly, the greater of (i) the annual limitation determined from time to time under subsection (b-5) of Section 1-160 of this Code, (ii) the annualized rate of earnings of the Tier 1 member as of that effective date, or (iii) the annualized rate of earnings of the Tier 1 member immediately preceding the expiration, renewal, or amendment of an employment contract or collective bargaining agreement in effect on that effective date.

<u>(d) Notwithstanding any other provision of this Section, "earnings", except as used in Section 15-158.2, does not include any future increase in income due to a provision in a collectively bargained contract that grants an increase in earnings based on an employee's expected date of retirement.</u>

The changes made to this Section by this amendatory Act of the 99th General Assembly do not apply to an employee who is covered by a collective bargaining agreement or employment contract that is in effect on the effective date of this amendatory Act of the 99th General Assembly and that provides for such increases, until that agreement or contract expires or is amended or renewed.

(Source: P.A. 98-92, eff. 7-16-13; 98-599, eff. 6-1-14.)

(40 ILCS 5/15-112.1 new)

Sec. 15-112.1. Limitation on earnings and required participation in the self-managed plan.

(a) For the purpose of calculating traditional benefit package benefits and contributions, the annual earnings, salary, or wages of a participant shall not exceed the greater of (i) the amount specified under subsection (b-5) of Section 1-160 or (ii) the annual earnings of the participant during the 365 days immediately before the effective date of this Section. If, however, an employment contract that is in place on or before the effective date of this Section authorizes an increase in earnings, salary, or wages on or after the effective date of this Section, then the annual earnings, salary, or wages of the participant during the 365 days that immediately precede the date that the contract expires may be used in lieu of the amount specified in item (ii) of this subsection.

(b) Notwithstanding any other provision of this Code, (i) for a participant who has not made an election under Section 15-134.5 to participate in the self-managed plan, any portion of his or her earnings that exceeds the limit specified in subsection (a) of this Section for that year shall be subject to the self-managed plan and (ii) for a participant who has made an election under Section 15-134.5 to participate in the self-managed plan, the entirety of the participant's earnings shall, after the effective date of the election, be subject to the self-managed plan as provided in Section 15-158.2.

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

Sec. 15-155. Employer contributions.

(a) The State of Illinois shall make contributions by appropriations of amounts which, together with the other employer contributions from trust, federal, and other funds, employee contributions, income from investments, and other income of this System, will be sufficient to meet the cost of maintaining and administering the System on a 100% funded basis in accordance with actuarial recommendations by the end of State fiscal year 2047 ~~2044~~.

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

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

For State fiscal years 2012 through <u>2015</u> ~~2014~~, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

<u>Beginning July 1, 2015, the assets and liabilities of the Article 16 and 17 retirement systems shall be calculated as</u>

assets and liabilities of the Illinois Teachers' Retirement Fund under this Article.

For State fiscal years 2016 through 2047 or until the State has amortized 100% of the total cost of benefits accrued by July 1, 2015, whichever is earlier, in addition to any employer contributions required from the State as an employer, the minimum contribution to the Fund to be made by the State for each fiscal year shall be an amount determined by the Board to be sufficient to amortize, by the end of State fiscal year 2047, the total cost of the benefits of the Fund arising before July 1, 2015. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2047 and shall be determined under the projected unit credit actuarial cost method.

Beginning with State fiscal year 2016, the minimum required contribution of employers under this Article shall be determined as a percentage of projected payroll, and shall be sufficient to produce an annual amount equal to the employer's normal cost for that fiscal year and any unfunded accrued liability assigned to the employer that year arising from benefits accrued after July 1, 2015.

For use in determining the employer's contribution for unfunded accrued liability, the Fund shall maintain a separate account for each employer. The separate account shall be maintained in such form and detail as the Fund determines to be appropriate. The separate account shall reflect the following items to the extent that they are attributable to that employer and arise on or after July 1, 2015: employer contributions, employee contributions, investment returns, payments of benefits, and that employer's proportionate share of the Fund's administrative expenses. In the event that the Board determines that there is a deficiency or surplus in the account of an employer, the Board shall determine the employer's contribution rate so as to address that deficiency or surplus over a reasonable period of time as determined by the Board, which shall be no more than 10 years.

The State shall also be required to make an annual contribution to each employer of a member who would have been considered a member of Article 15 or 16 before the effective date of this amendatory Act of the 99th General Assembly of the total employer normal cost as determined by the system for fiscal year 2016. Every 5 years the Commission on Government Forecasting and Accountability shall review the contribution in this paragraph and the total current employer normal cost and submit the findings to the General Assembly.

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

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

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

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

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

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

Beginning in State fiscal year 2048, the minimum State contribution for each fiscal year shall be the amount needed to maintain the total assets of the System at 100% of the total liabilities of the System.

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

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

Stabilization Act.

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter through State fiscal year 2015 ~~through State fiscal year 2014~~, as calculated under this Section and certified under Section 15-165, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

(a-5) Pursuant to Article XIII of the 1970 Constitution of the State of Illinois, beginning on July 1, 2015, the State shall, as a retirement benefit to each participant and annuitant of the System, be contractually obligated to the System (as a fiduciary and trustee of the participants and annuitants) to pay the Annual Required State Contribution, as determined by the Board of the System using generally accepted actuarial principles, as is necessary to bring the total assets of the System up to 100% of the total actuarial liabilities of the System by the end of State fiscal year 2047. As a further retirement benefit and contractual obligation, each fiscal year, the State shall pay to each designated retirement system the Annual Required State Contribution certified by the Board for that fiscal year. Payments of the Annual Required State Contribution for each fiscal year shall be made in equal monthly installments. This Section, and the security it provides to participants and annuitants, is intended to be, and is, a contractual right that is part of the pension benefits provided to the participants and annuitants. Notwithstanding anything to the contrary in the Court of Claims Act or any other law, a designated retirement system has the exclusive right to and shall bring a Mandamus action in the Circuit Court of Champaign County against the State to compel the State to make any installment of the Annual Required State Contribution required by this Section, irrespective of other remedies that may be available to the System. Each member or annuitant of the System has the right to bring a Mandamus action against the System in the Circuit Court in any judicial district in which the System maintains an office if the System fails to bring an action specified in this Section, irrespective of other remedies that may be available to the member or annuitant.

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

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

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

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

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

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

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

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

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

(h) This subsection (h) applies only to payments made or salary increases given on or after June 1, 2005 but before July

1, 2011. The changes made by Public Act 94-1057 shall not require the System to refund any payments received before July 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

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

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

(j) The System shall prepare a report and file copies of the report with the Governor and the General Assembly by

January 1, 2007 that contains all of the following information:

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

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

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

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

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

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

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

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

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

(40 ILCS 5/15-155.1 new)

Sec. 15-155.1. Actions to enforce payments by employers other than the State. Any employer, other than the State, that fails to transmit to the System contributions required of it under this Article or contributions required of employees, for more than 90 days after such contributions are due, is subject to the following: after giving notice to the employer, the System may certify to the State Comptroller or the Illinois Community College Board, whichever is applicable, the amounts of such delinquent payments and the State Comptroller or the Illinois Community College Board, whichever is applicable, shall deduct the amounts so certified or any part thereof from any State funds to be remitted to the employer and shall pay the amount so deducted to the System. If State funds from which such deductions may be made are not available, the System may proceed against the employer to recover the amounts of such delinquent payments in the appropriate circuit court.

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

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

Sec. 15-157. Employee contributions.

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

Each ~~Except as provided in subsection (a-5), each~~ participant who is a police officer or firefighter shall make normal contributions of 8% of each payment of earnings applicable to employment as a police officer or firefighter under this system on or after September 1, 1981, unless he or she files with the board within 60 days after the effective date of this amendatory Act of 1991 or 60 days after the board receives notice that he or she is employed as a police officer or firefighter, whichever is later, a written notice waiving the retirement formula provided by Rule 4 of Section 15-136. This waiver shall be irrevocable. If a participant had met the conditions set forth in Section 15-132.1 prior to the effective date of this amendatory Act of 1991 but failed to make the additional normal contributions required by this paragraph, he or she may elect to pay the additional contributions plus compound interest at the effective rate. If such payment is received by the board, the service shall be considered as police officer service in calculating the retirement annuity under Rule 4 of Section 15-136. While performing service described in clause (i) or (ii) of Rule 4 of Section 15-136, a participating employee shall be deemed to be employed as a firefighter for the purpose of determining the rate of employee contributions under this Section.

~~(a-5) Beginning July 1, 2014, in lieu of the contribution otherwise required under subsection (a), each Tier 1 member, other than a Tier 1 member who is a police officer or firefighter, shall contribute 6% of earnings toward the retirement benefits payable under the retirement programs applicable to the employee from each payment of earnings applicable to employment under this system.~~

~~Beginning July 1, 2014, in lieu of the contribution otherwise required under subsection (a), each Tier 1 member who is a police officer or firefighter shall contribute 7.5% of each payment of earnings applicable to employment as a police officer or firefighter under this system, unless he or she has filed a waiver with the board pursuant to subsection (a).~~

~~The contributions required under this subsection (a-5) are to be considered normal contributions for the purposes of this Article.~~

(b) Starting September 1, 1969 ~~and, in the case of Tier 1 members, ending on June 30, 2014~~, each participating employee shall make additional contributions of 1/2 of 1% of earnings to finance a portion of the cost of the annual increases in retirement annuity provided under Section 15-136, except that with respect to participants in the self-managed plan this additional contribution shall be used to finance the benefits obtained under that retirement program.

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

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

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

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

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

(h) Except as provided in subsection (h-5) and in Section 15-112.1, a ~~A~~ Tier 2 member shall not make contributions on earnings that exceed the limitation as prescribed under subsection (b) of Section 15-111 of this Article.

(h-5) Notwithstanding any provision of this Code to the contrary: (i) for a member who has not made an election under Section 15-134.5 to participate in the self-managed plan, any contributions on amounts of earnings in excess of the limit specified in Section 15-112.1 for that year shall instead be used to finance self-managed plan benefits; and (ii) for a member who has made an election under Section 15-134.5 to participate in the self-managed plan, any contributions made after the effective date of the election, including the contributions for a survivor's annuity, shall be used to finance the benefits under Section 15-158.2.

Notwithstanding any provision of this Code to the contrary, a member who has not made an election under Section 15-134.5 to participate in the self-managed plan shall contribute toward the benefit package applicable to the employee a percentage of earnings equal to the greater of (i) one-half of the normal cost of the traditional benefit package or (ii) 6% of earnings.

(Source: P.A. 98-92, eff. 7-16-13; 98-599, eff. 6-1-14.)

(40 ILCS 5/15-158.2)

Sec. 15-158.2. Self-managed plan.

(a) Purpose. The General Assembly finds that it is important for colleges and universities to be able to attract and retain the most qualified employees and that in order to attract and retain these employees, colleges and universities should have the flexibility to provide a defined contribution plan as an alternative for eligible employees who elect not to participate in a defined benefit retirement program provided under this Article. Accordingly, the State Universities Retirement System is hereby authorized to establish and administer a self-managed plan, which shall offer participating employees the opportunity to accumulate assets for retirement through a combination of employee and employer contributions that may be invested in mutual funds, collective investment funds, or other investment products and used to purchase annuity contracts, either fixed or variable or a combination thereof. The plan must be qualified under the Internal Revenue Code of 1986.

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

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

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

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

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

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

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

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

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

(d) Employee Direction. Employees who are participating in the program must be allowed to direct the transfer of their account balances among the various investment options offered, subject to applicable contractual provisions. The participant shall not be deemed a fiduciary by reason of providing such investment direction. A person who is a fiduciary shall not be liable for any loss resulting from such investment direction and shall not be deemed to have breached any fiduciary duty by acting in accordance with that direction. Neither the System nor the employer guarantees any of the investments in the employee's account balances.

(e) Participation. An employee eligible to participate in the self-managed plan must make a written election in accordance with the provisions of Section 15-134.5 and the procedures established by the System or become subject to the limitation specified in Section 15-112.1. Participation in the self-managed plan by an ~~electing~~ employee shall begin on the first day of the first pay period following the later of the date the employee's election is filed with the System, or the effective date as of which the employee's employer begins to offer participation in the self-managed plan, or the date the participant's annual earnings exceeds the limitation specified in Section 15-112.1. Employers may not make the self-managed plan available earlier than January 1, 1998. An employee's participation in any other retirement program administered by the System under this Article shall terminate on the date that participation in the self-managed plan begins.

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

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

Participation in the self-managed plan under this Section shall constitute membership in the State Universities Retirement System.

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

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

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

(h) Contributions.

(1) The self-managed plan shall be funded by contributions from employees participating in the self-managed plan and State and employer contributions as provided in this Section.

(A) Before the effective date of this amendatory Act of the 99th General Assembly, the ~~The~~ contribution rate for employees participating in the self-managed plan under this Section shall be equal to the employee contribution rate for other participants in the System, as provided in Section 15-157. This required contribution shall be made as an "employer pick-up" under Section 414(h) of the Internal Revenue Code of 1986 or any successor Section thereof. Any employee participating in the System's traditional benefit package prior to his or her election to participate in the self-managed plan shall continue to have the employer pick up the contributions required under

Section 15-157. However, the amounts picked up after the election of the self-managed plan shall be remitted to and treated as assets of the self-managed plan. In no event shall an employee have an option of receiving these amounts in cash. Employees may make additional contributions to the self-managed plan in accordance with procedures prescribed by the System, to the extent permitted under rules prescribed by the System.

(B) On and after the effective date of this amendatory Act of the 99th General Assembly, the contribution rate for participants in the self-managed plan shall be: (i) for a participant who does not file an election under subsection (e) of this Section, 6% of the amount of earnings in excess of the limit specified in 15-112.1 for that year, in addition to the amount specified under subsection (h-5) of Section 15-157 for that year; and (ii) for a participant who files an election under subsection (e) of this Section, 8% of any amount of earnings up to and including the limit specified in Section 15-112.1 for that year and 6% of any amount of earnings in excess of that limit for that year. This required contribution shall be made as an employer pick-up under Section 414(h) of the Internal Revenue Code of 1986 or any successor Section thereof. Any participant in the System's traditional benefit package prior to his or her election to participate in the self-managed plan shall continue to have the employer pick up the contributions required under Section 15-157. However, the amounts picked up after the election of the self-managed plan shall be remitted to and treated as assets of the self-managed plan. In no event shall a participant have the option of receiving these amounts in cash. Participants may make additional contributions to the self-managed plan in accordance with procedures prescribed by the System, to the extent permitted under rules adopted by the System.

(2) The program shall provide for employer and State contributions to the self-managed plan in the following amounts: (i) for a member who does not file an election under subsection (e) of this Section, 3% of the amount of earnings in excess of the limit specified in Section 15-112.1 for that year, to be paid by the actual employer; and (ii) for a member who files an election under subsection (e) of this Section, 7.1% of any amount of earnings up to and including the limit specified in Section 15-112.1 for that year, to be paid by the State, and 3% of any amount of earnings in excess of that limit for that year, to be paid by the actual employer.

The program shall provide for these employer and State contributions to be credited to each self-managed plan participant ~~at a rate of 7.6% of the participating employee's~~

~~salary~~, less the amount used by the System to provide disability benefits for the employee. The amounts so credited shall be paid into the participant's self-managed plan accounts in a manner to be prescribed by the System.

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

(4) The State of Illinois shall make contributions by appropriations to the System of the employer contributions required for employees who participate in the self-managed plan under this Section. The amount required shall be certified by the Board of Trustees of the System and paid by the State in accordance with Section 15-165. The System shall not be obligated to remit the required employer contributions to any of the insurance and annuity companies, mutual fund companies, banks, trust companies, financial institutions, or other sponsors of any of the funding vehicles offered under the self-managed plan until it has received the required employer contributions from the State. In the event of a deficiency in the amount of

State contributions, the System shall implement those procedures described in subsection (c) of Section 15-165 to obtain the required funding from the General Revenue Fund.

(i) Termination. The self-managed plan authorized under this Section may be terminated by the System, subject to the terms of any relevant contracts, and the System shall have no obligation to reestablish the self-managed plan under this Section. This Section does not create a right to continued participation in any self-managed plan set up by the System under this Section. If the self-managed plan is terminated, the participants shall have the right to participate in one of the other retirement programs offered by the System and receive service credit in such other retirement program for any years of employment following the termination.

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

A participant in the self-managed plan who receives a distribution of his or her vested amounts from the self-managed plan while not yet eligible for retirement under this Article (and Article 20, if applicable) shall forfeit all service credit and accrued rights in the System; if subsequently re-employed, the participant shall be considered a new employee. If a former participant again becomes a participating employee (or becomes employed by a participating system under Article 20 of this Code) and continues as such for at least 2 years, all such rights, service credits, and previous status as a participant shall be restored upon repayment of the amount of the distribution, without interest.

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

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

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

(40 ILCS 5/15-159.1 new)

Sec. 15-159.1. New Board created.

(a) Beginning July 1, 2016, the Board created under Section 15-159 is abolished and a board of 8 members shall constitute the Board of Trustees authorized to carry out the provisions of this Article. Each trustee shall be a participating employee of a participating employer or an annuitant of the Fund and no person shall be eligible to become a trustee after January 1, 1979 who does not have at least 8 years of creditable service.

(b) The board shall consist of representatives of various groups as follows:

(1) Four trustees shall be a chief executive officer, chief finance officer, or other officer, executive or department head of a participating employer, and each such trustee shall be designated as an executive trustee.

(2) Three trustees shall be employees of a participating employer and each such trustee shall be designated as an employee trustee.

(3) One trustee shall be an annuitant of the Fund, who shall be designated the annuitant trustee.

(c) A person elected as a trustee shall qualify as a trustee, after declaration by the Board that he or she has been duly elected, upon taking and subscribing to the constitutional oath of office and filing same in the office of the Fund.

(d) The term of office of each trustee shall begin upon January 1 of the year following the year in which he is elected and shall continue for a period of 5 years and until a successor has been elected and qualified, or until prior resignation, death, incapacity, or disqualification.

(e) Any elected trustee (other than the annuitant trustee) shall be disqualified immediately upon termination of employment with all participating employers or upon any change in status which removes any such trustee from all employments within the group he represents. The annuitant trustee shall be disqualified upon termination of his or her annuity.

(f) The trustees shall fill any vacancy in the Board by appointment, for the period until the next election of trustees, or, if the remaining term is less than 2 years, for the remainder of the term, and until a successor has been elected and has qualified.

(g) Trustees shall serve without compensation, but shall be reimbursed for any reasonable expenses incurred in attending meetings of the Board and in performing duties on behalf of the Fund and for the amount of any earnings withheld by any participating employer because of attendance at any Board meeting.

(h) Each trustee shall be entitled to one vote on any and all actions before the Board. At least 5 concurring votes shall be necessary for every decision or action by the Board at any of its meetings. No decision or action shall become effective unless presented and so approved at a regular or duly called special meeting of the Board.

(40 ILCS 5/15-165.1 new)

Sec. 15-165.1. To calculate the normal cost of benefits. To calculate the normal cost of each plan offered by the system as a percentage of earnings and to update those amounts at least every 3 years.

(40 ILCS 5/16-101) (from Ch. 108 1/2, par. 16-101)

Sec. 16-101. Creation of system; consolidation.

(a) Effective July 1, 1939 and until July 1, 2015, there is created the "Teachers' Retirement System of the State of Illinois" for the purpose of providing retirement annuities and other benefits for teachers, annuitants and beneficiaries. All of its business shall be transacted, its funds invested, and its assets held in such name.

(b) On July 1, 2015, the retirement system established under this Article is merged and consolidated with the Article 15 retirement system and the Article 17 pension fund into a single retirement fund, to be known as the Illinois Teachers' Retirement Fund, which shall be established and administered as prescribed in Article 15 of this Code.

(c) In preparation for that consolidation, the Board of Trustees of this System and the participating employers under this Article shall cooperate with the Board of Trustees of the

Illinois Teachers' Retirement Fund.

(d) At the time of consolidation, or as otherwise directed by the Board of the Illinois Teachers' Retirement Fund, all assets and liabilities belonging to the System established under this Article shall become the assets and liabilities of the Illinois Teachers' Retirement Fund, and all current or former members and beneficiaries of the System established under this Article shall be deemed current or former participants and beneficiaries of the Illinois Teachers' Retirement Fund.

(e) The Illinois Teachers' Retirement Fund shall be the legal successor to the System established under this Article and it may exercise any of the rights and powers and perform any of the duties of that System. The Illinois Teachers' Retirement Fund may, in its discretion, either continue, renegotiate, or terminate any personnel, service contract, lease, or other contract of the System established under this Article.

(f) The consolidation of the System established under this Article shall not diminish or impair the benefits of any person who participated in that System, or of any such person's surviving spouse, children, or other dependents.

Benefits already payable by the System on June 30, 2015 shall become payable from the Illinois Teachers' Retirement Fund beginning on July 1, 2015, and shall not be subject to recalculation or combination due to the consolidation.

Benefits that first become payable on or after July 1, 2015 shall be calculated and paid as provided in Article 15.

The consolidation of the System established under this Article does not entitle any person to a recalculation of any benefit previously granted or a refund of any contribution previously paid.

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

(40 ILCS 5/17-101) (from Ch. 108 1/2, par. 17-101)

Sec. 17-101. Creation of fund; consolidation.

Until July 1, 2015, in ~~In~~ each city with a population over 500,000, there is created a Public School Teachers' Pension and Retirement Fund to be maintained and administered in the manner prescribed in this Article and to be known as the Public School Teachers' Pension and Retirement Fund of ....(city).

(b) On July 1, 2015, the Fund established under this Article is merged and consolidated with the Article 15 and 16 retirement systems into a single retirement fund, to be known as the Illinois Teachers' Retirement Fund, which shall be established and administered as prescribed in Article 15 of this Code.

(c) In preparation for that consolidation, the Board of Education and the City shall cooperate with the Board of Trustees of the Illinois Teachers' Retirement Fund.

(d) At the time of consolidation, or as otherwise directed by the Board of the Illinois Teachers' Retirement Fund, all assets and liabilities belonging to the Fund established under this Article shall become the assets and liabilities of the Illinois Teachers' Retirement Fund, and all current or former members and beneficiaries of the Fund established under this Article shall be deemed current or former participants and beneficiaries of the Illinois Teachers' Retirement Fund.

(e) The Illinois Teachers' Retirement Fund shall be the legal successor to the Fund established under this Article and it may exercise any of the rights and powers and perform any of the duties of that pension fund. The Illinois Teachers' Retirement Fund may, in its discretion, either continue, renegotiate, or terminate any personnel, service contract, lease, or other contract of the Fund established under this Article.

(f) The consolidation of the pension fund established under this Article shall not diminish or impair the benefits of any person who participated in that pension fund, or of any such person's surviving spouse, children, or other dependents.

Benefits already payable by this Fund on June 30, 2015 shall become payable from the Illinois Teachers' Retirement Fund beginning on July 1, 2015, and shall not be subject to recalculation or combination due to the consolidation.

Benefits that first become payable on or after July 1, 2015 shall be calculated as provided in Article 15.

The consolidation of the pension fund established under this Article does not entitle any person to a recalculation of

<u>any benefit previously granted or a refund of any contribution previously paid.</u>

(Source: Laws 1963, p. 161.)

Section 90. The State Mandates Act is amended by adding Section 8.39 as follows:

(30 ILCS 805/8.39 new)

<u>Sec. 8.39. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 99th General Assembly.</u>

Section 99. Effective date. This Act takes effect upon becoming law.

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Statutes amended in order of appearance