



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB1636

Introduced 1/28/2025, by Rep. Travis Weaver

SYNOPSIS AS INTRODUCED:

See Index

Amends the State Employees and Downstate Teacher Articles of the Illinois Pension Code. Requires the System to develop and offer a defined contribution plan for active members of the System. Provides that the defined contribution plan shall collect optional employee contributions, employer contributions, and State contributions into individual accounts and shall offer investment options to participants. Provides that there shall be no maximum or minimum contribution requirements. Provides that on an annual basis, the employer of a participant in the defined contribution plan shall deposit in the participant's defined contribution plan account an amount equal to the amount contributed by the participant during the preceding year and the State shall deposit in the participant's defined contribution plan account an amount equal to the amount contributed by the participant during the preceding year. Provides that, if the State is the actual employer of the participant, then the State shall contribute an additional amount equal to the employer's contribution. Provides that a participant in the defined contribution plan may not withdraw moneys from the participant's account while the participant is an active member of the System. Requires the defined contribution plan to be operated in full compliance with any applicable State and federal laws, and requires the System to use generally accepted practices in creating and maintaining the benefit for the best interest of the participants. Makes conforming changes. Provides that any benefit increase resulting from the amendatory Act is excluded from the definition of "new benefit increase". Amends the State Mandates Act to require implementation without reimbursement.

LRB104 07705 RPS 17749 b

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by
5 changing Sections 14-131, 14-152.1, 16-158, and 16-203 and by
6 adding Sections 14-157 and 16-207 as follows:

7 (40 ILCS 5/14-131)

8 Sec. 14-131. Contributions by State.

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

16 For the purposes of this Section and Section 14-135.08,
17 references to State contributions refer only to employer
18 contributions and do not include employee contributions that
19 are picked up or otherwise paid by the State or a department on
20 behalf of the employee.

21 (b) The Board shall determine the total amount of State
22 contributions required for each fiscal year on the basis of
23 the actuarial tables and other assumptions adopted by the

1 Board, using the formula in subsection (e).

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

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

20 (c) Contributions shall be made by the several departments
21 for each pay period by warrants drawn by the State Comptroller
22 against their respective funds or appropriations based upon
23 vouchers stating the amount to be so contributed. These
24 amounts shall be based on the full rate certified by the Board
25 under Section 14-135.08 for that fiscal year. From March 5,
26 2004 (the effective date of Public Act 93-665) through the

1 payment of the final payroll from fiscal year 2004
2 appropriations, the several departments shall not make
3 contributions for the remainder of fiscal year 2004 but shall
4 instead make payments as required under subsection (a-1) of
5 Section 14.1 of the State Finance Act. The several departments
6 shall resume those contributions at the commencement of fiscal
7 year 2005.

8 (c-1) Notwithstanding subsection (c) of this Section, for
9 fiscal years 2010, 2012, and each fiscal year thereafter,
10 contributions by the several departments are not required to
11 be made for General Revenue Funds payrolls processed by the
12 Comptroller. Payrolls paid by the several departments from all
13 other State funds must continue to be processed pursuant to
14 subsection (c) of this Section.

15 (c-2) Unless otherwise directed by the Comptroller under
16 subsection (c-3), the Board shall submit vouchers for payment
17 of State contributions to the System for the applicable month
18 on the 15th day of each month, or as soon thereafter as may be
19 practicable. The amount vouchered for a monthly payment shall
20 total one-twelfth of the fiscal year General Revenue Fund
21 contribution as certified by the System pursuant to Section
22 14-135.08 of this Code.

23 (c-3) Beginning in State fiscal year 2025, if the
24 Comptroller requests that the Board submit, during a State
25 fiscal year, vouchers for multiple monthly payments for
26 advance payment of State contributions due to the System for

1 that State fiscal year, then the Board shall submit those
2 additional vouchers as directed by the Comptroller,
3 notwithstanding subsection (c-2). Unless an act of
4 appropriations provides otherwise, nothing in this Section
5 authorizes the Board to submit, in a State fiscal year,
6 vouchers for the payment of State contributions to the System
7 in an amount that exceeds the rate of payroll that is certified
8 by the System under Section 14-135.08 for that State fiscal
9 year.

10 (d) If an employee is paid from trust funds or federal
11 funds, the department or other employer shall pay employer
12 contributions from those funds to the System at the certified
13 rate, unless the terms of the trust or the federal-State
14 agreement preclude the use of the funds for that purpose, in
15 which case the required employer contributions shall be paid
16 by the State.

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

1 For State fiscal years in which the State is required to
2 contribute to participants' individual accounts in the defined
3 contribution plan under Section 14-157, the minimum
4 contribution to the System shall also include the amounts
5 required under Section 14-157.

6 A change in an actuarial or investment assumption that
7 increases or decreases the required State contribution and
8 first applies in State fiscal year 2018 or thereafter shall be
9 implemented in equal annual amounts over a 5-year period
10 beginning in the State fiscal year in which the actuarial
11 change first applies to the required State contribution.

12 A change in an actuarial or investment assumption that
13 increases or decreases the required State contribution and
14 first applied to the State contribution in fiscal year 2014,
15 2015, 2016, or 2017 shall be implemented:

16 (i) as already applied in State fiscal years before
17 2018; and

18 (ii) in the portion of the 5-year period beginning in
19 the State fiscal year in which the actuarial change first
20 applied that occurs in State fiscal year 2018 or
21 thereafter, by calculating the change in equal annual
22 amounts over that 5-year period and then implementing it
23 at the resulting annual rate in each of the remaining
24 fiscal years in that 5-year period.

25 For State fiscal years 1996 through 2005, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual
2 increments so that by State fiscal year 2011, the State is
3 contributing at the rate required under this Section; except
4 that (i) for State fiscal year 1998, for all purposes of this
5 Code and any other law of this State, the certified percentage
6 of the applicable employee payroll shall be 5.052% for
7 employees earning eligible creditable service under Section
8 14-110 and 6.500% for all other employees, notwithstanding any
9 contrary certification made under Section 14-135.08 before
10 July 7, 1997 (the effective date of Public Act 90-65), and (ii)
11 in the following specified State fiscal years, the State
12 contribution to the System shall not be less than the
13 following indicated percentages of the applicable employee
14 payroll, even if the indicated percentage will produce a State
15 contribution in excess of the amount otherwise required under
16 this subsection and subsection (a): 9.8% in FY 1999; 10.0% in
17 FY 2000; 10.2% in FY 2001; 10.4% in FY 2002; 10.6% in FY 2003;
18 and 10.8% in FY 2004.

19 Beginning in State fiscal year 2046, the minimum State
20 contribution for each fiscal year shall be the amount needed
21 to maintain the total assets of the System at 90% of the total
22 actuarial liabilities of the System.

23 Amounts received by the System pursuant to Section 25 of
24 the Budget Stabilization Act or Section 8.12 of the State
25 Finance Act in any fiscal year do not reduce and do not
26 constitute payment of any portion of the minimum State

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

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

24 (f) (Blank).

25 (g) For purposes of determining the required State
26 contribution to the System, the value of the System's assets

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

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

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

15 (i) (Blank).

16 (j) (Blank).

17 (k) For fiscal year 2012 and each fiscal year thereafter,
18 after the submission of all payments for eligible employees
19 from personal services line items paid from the General
20 Revenue Fund in the fiscal year have been made, the
21 Comptroller shall provide to the System a certification of the
22 sum of all expenditures in the fiscal year for personal
23 services. Upon receipt of the certification, the System shall
24 determine the amount due to the System based on the full rate
25 certified by the Board under Section 14-135.08 for the fiscal
26 year in order to meet the State's obligation under this

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

13 (Source: P.A. 103-588, eff. 6-5-24.)

14 (40 ILCS 5/14-152.1)

15 Sec. 14-152.1. Application and expiration of new benefit
16 increases.

17 (a) As used in this Section, "new benefit increase" means
18 an increase in the amount of any benefit provided under this
19 Article, or an expansion of the conditions of eligibility for
20 any benefit under this Article, that results from an amendment
21 to this Code that takes effect after June 1, 2005 (the
22 effective date of Public Act 94-4). "New benefit increase",
23 however, does not include any benefit increase resulting from
24 the changes made to Article 1 or this Article by Public Act
25 96-37, Public Act 100-23, Public Act 100-587, Public Act

1 100-611, Public Act 101-10, Public Act 101-610, Public Act
2 102-210, Public Act 102-856, Public Act 102-956, or this
3 amendatory Act of the 104th General Assembly ~~this amendatory~~
4 ~~Act of the 102nd General Assembly.~~

5 (b) Notwithstanding any other provision of this Code or
6 any subsequent amendment to this Code, every new benefit
7 increase is subject to this Section and shall be deemed to be
8 granted only in conformance with and contingent upon
9 compliance with the provisions of this Section.

10 (c) The Public Act enacting a new benefit increase must
11 identify and provide for payment to the System of additional
12 funding at least sufficient to fund the resulting annual
13 increase in cost to the System as it accrues.

14 Every new benefit increase is contingent upon the General
15 Assembly providing the additional funding required under this
16 subsection. The Commission on Government Forecasting and
17 Accountability shall analyze whether adequate additional
18 funding has been provided for the new benefit increase and
19 shall report its analysis to the Public Pension Division of
20 the Department of Insurance. A new benefit increase created by
21 a Public Act that does not include the additional funding
22 required under this subsection is null and void. If the Public
23 Pension Division determines that the additional funding
24 provided for a new benefit increase under this subsection is
25 or has become inadequate, it may so certify to the Governor and
26 the State Comptroller and, in the absence of corrective action

1 by the General Assembly, the new benefit increase shall expire
2 at the end of the fiscal year in which the certification is
3 made.

4 (d) Every new benefit increase shall expire 5 years after
5 its effective date or on such earlier date as may be specified
6 in the language enacting the new benefit increase or provided
7 under subsection (c). This does not prevent the General
8 Assembly from extending or re-creating a new benefit increase
9 by law.

10 (e) Except as otherwise provided in the language creating
11 the new benefit increase, a new benefit increase that expires
12 under this Section continues to apply to persons who applied
13 and qualified for the affected benefit while the new benefit
14 increase was in effect and to the affected beneficiaries and
15 alternate payees of such persons, but does not apply to any
16 other person, including, without limitation, a person who
17 continues in service after the expiration date and did not
18 apply and qualify for the affected benefit while the new
19 benefit increase was in effect.

20 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;
21 101-610, eff. 1-1-20; 102-210, eff. 7-30-21; 102-856, eff.
22 1-1-23; 102-956, eff. 5-27-22.)

23 (40 ILCS 5/14-157 new)

24 Sec. 14-157. Voluntary defined contribution plan.

25 (a) As soon as practicable after the effective date of

1 this amendatory Act of the 104th General Assembly, the System
2 shall develop and offer a defined contribution plan for active
3 members of the System. The defined contribution plan shall
4 collect optional employee contributions, employer
5 contributions, and State contributions into individual
6 accounts and shall offer investment options to participants.
7 There shall be no maximum or minimum contribution requirements
8 for participation in the defined contribution plan.

9 (b) On an annual basis, the employer of a participant in
10 the defined contribution plan shall deposit in the
11 participant's defined contribution plan account an amount
12 equal to the amount contributed by the participant during the
13 preceding year and the State shall deposit in the
14 participant's defined contribution plan account an amount
15 equal to the amount contributed by the participant during the
16 preceding year. If the State is the actual employer of the
17 participant, then the State shall contribute an additional
18 amount equal to the employer's contribution required under
19 this subsection.

20 (c) A participant in the defined contribution plan may not
21 withdraw moneys from the defined contribution plan account
22 while the participant is an active member of the System.

23 (d) The defined contribution plan under this Section shall
24 be operated in full compliance with any applicable State and
25 federal laws, and the System shall use generally accepted
26 practices in creating and maintaining the benefit for the best

1 interest of the participants.

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

3 Sec. 16-158. Contributions by State and other employing
4 units.

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

12 The Board shall determine the amount of State
13 contributions required for each fiscal year on the basis of
14 the actuarial tables and other assumptions adopted by the
15 Board and the recommendations of the actuary, using the
16 formula in subsection (b-3).

17 (a-1) Annually, on or before November 15 until November
18 15, 2011, the Board shall certify to the Governor the amount of
19 the required State contribution for the coming fiscal year.
20 The certification under this subsection (a-1) shall include a
21 copy of the actuarial recommendations upon which it is based
22 and shall specifically identify the System's projected State
23 normal cost for that fiscal year.

24 On or before May 1, 2004, the Board shall recalculate and
25 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2005, taking
2 into account the amounts appropriated to and received by the
3 System under subsection (d) of Section 7.2 of the General
4 Obligation Bond Act.

5 On or before July 1, 2005, the Board shall recalculate and
6 recertify to the Governor the amount of the required State
7 contribution to the System for State fiscal year 2006, taking
8 into account the changes in required State contributions made
9 by Public Act 94-4.

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

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

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

11 (a-10) By November 1, 2017, the Board shall recalculate
12 and recertify to the State Actuary, the Governor, and the
13 General Assembly the amount of the State contribution to the
14 System for State fiscal year 2018, taking into account the
15 changes in required State contributions made by Public Act
16 100-23. The State Actuary shall review the assumptions and
17 valuations underlying the Board's revised certification and
18 issue a preliminary report concerning the proposed
19 recertification and identifying, if necessary, recommended
20 changes in actuarial assumptions that the Board must consider
21 before finalizing its certification of the required State
22 contributions. The Board's final certification must note any
23 deviations from the State Actuary's recommended changes, the
24 reason or reasons for not following the State Actuary's
25 recommended changes, and the fiscal impact of not following
26 the State Actuary's recommended changes on the required State

1 contribution.

2 (a-15) On or after June 15, 2019, but no later than June
3 30, 2019, the Board shall recalculate and recertify to the
4 Governor and the General Assembly the amount of the State
5 contribution to the System for State fiscal year 2019, taking
6 into account the changes in required State contributions made
7 by Public Act 100-587. The recalculation shall be made using
8 assumptions adopted by the Board for the original fiscal year
9 2019 certification. The monthly voucher for the 12th month of
10 fiscal year 2019 shall be paid by the Comptroller after the
11 recertification required pursuant to this subsection is
12 submitted to the Governor, Comptroller, and General Assembly.
13 The recertification submitted to the General Assembly shall be
14 filed with the Clerk of the House of Representatives and the
15 Secretary of the Senate in electronic form only, in the manner
16 that the Clerk and the Secretary shall direct.

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

20 (b-1) Unless otherwise directed by the Comptroller under
21 subsection (b-1.1), the Board shall submit vouchers for
22 payment of State contributions to the System for the
23 applicable month on the 15th day of each month, or as soon
24 thereafter as may be practicable. The amount vouchered for a
25 monthly payment shall total one-twelfth of the required annual
26 State contribution certified under subsection (a-1).

1 (b-1.1) Beginning in State fiscal year 2025, if the
2 Comptroller requests that the Board submit, during a State
3 fiscal year, vouchers for multiple monthly payments for the
4 advance payment of State contributions due to the System for
5 that State fiscal year, then the Board shall submit those
6 additional vouchers as directed by the Comptroller,
7 notwithstanding subsection (b-1). Unless an act of
8 appropriations provides otherwise, nothing in this Section
9 authorizes the Board to submit, in a State fiscal year,
10 vouchers for the payment of State contributions to the System
11 in an amount that exceeds the rate of payroll that is certified
12 by the System under this Section for that State fiscal year.

13 (b-1.2) The vouchers described in subsections (b-1) and
14 (b-1.1) shall be paid by the State Comptroller and Treasurer
15 by warrants drawn on the funds appropriated to the System for
16 that fiscal year.

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

26 (b-2) Allocations from the Common School Fund apportioned

1 to school districts not coming under this System shall not be
2 diminished or affected by the provisions of this Article.

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

13 For State fiscal years in which the State is required to
14 contribute to participants' individual accounts in the defined
15 contribution plan under Section 16-207, the minimum
16 contribution to the System shall also include the amounts
17 required under Section 16-207.

18 For each of State fiscal years 2018, 2019, and 2020, the
19 State shall make an additional contribution to the System
20 equal to 2% of the total payroll of each employee who is deemed
21 to have elected the benefits under Section 1-161 or who has
22 made the election under subsection (c) of Section 1-161.

23 A change in an actuarial or investment assumption that
24 increases or decreases the required State contribution and
25 first applies in State fiscal year 2018 or thereafter shall be
26 implemented in equal annual amounts over a 5-year period

1 beginning in the State fiscal year in which the actuarial
2 change first applies to the required State contribution.

3 A change in an actuarial or investment assumption that
4 increases or decreases the required State contribution and
5 first applied to the State contribution in fiscal year 2014,
6 2015, 2016, or 2017 shall be implemented:

7 (i) as already applied in State fiscal years before
8 2018; and

9 (ii) in the portion of the 5-year period beginning in
10 the State fiscal year in which the actuarial change first
11 applied that occurs in State fiscal year 2018 or
12 thereafter, by calculating the change in equal annual
13 amounts over that 5-year period and then implementing it
14 at the resulting annual rate in each of the remaining
15 fiscal years in that 5-year period.

16 For State fiscal years 1996 through 2005, the State
17 contribution to the System, as a percentage of the applicable
18 employee payroll, shall be increased in equal annual
19 increments so that by State fiscal year 2011, the State is
20 contributing at the rate required under this Section; except
21 that in the following specified State fiscal years, the State
22 contribution to the System shall not be less than the
23 following indicated percentages of the applicable employee
24 payroll, even if the indicated percentage will produce a State
25 contribution in excess of the amount otherwise required under
26 this subsection and subsection (a), and notwithstanding any

1 contrary certification made under subsection (a-1) before May
2 27, 1998 (the effective date of Public Act 90-582): 10.02% in
3 FY 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY
4 2002; 12.86% in FY 2003; and 13.56% in FY 2004.

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

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

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

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

1 applicable.

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

18 Beginning in State fiscal year 2046, the minimum State
19 contribution for each fiscal year shall be the amount needed
20 to maintain the total assets of the System at 90% of the total
21 actuarial liabilities of the System.

22 Amounts received by the System pursuant to Section 25 of
23 the Budget Stabilization Act or Section 8.12 of the State
24 Finance Act in any fiscal year do not reduce and do not
25 constitute payment of any portion of the minimum State
26 contribution required under this Article in that fiscal year.

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

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

1 contribution for State fiscal year 2007 plus the applicable
2 portion of the State's total debt service payments for fiscal
3 year 2007 on the bonds issued in fiscal year 2003 for the
4 purposes of Section 7.2 of the General Obligation Bond Act, so
5 that, by State fiscal year 2011, the State is contributing at
6 the rate otherwise required under this Section.

7 (b-4) Beginning in fiscal year 2018, each employer under
8 this Article shall pay to the System a required contribution
9 determined as a percentage of projected payroll and sufficient
10 to produce an annual amount equal to:

11 (i) for each of fiscal years 2018, 2019, and 2020, the
12 defined benefit normal cost of the defined benefit plan,
13 less the employee contribution, for each employee of that
14 employer who has elected or who is deemed to have elected
15 the benefits under Section 1-161 or who has made the
16 election under subsection (b) of Section 1-161; for fiscal
17 year 2021 and each fiscal year thereafter, the defined
18 benefit normal cost of the defined benefit plan, less the
19 employee contribution, plus 2%, for each employee of that
20 employer who has elected or who is deemed to have elected
21 the benefits under Section 1-161 or who has made the
22 election under subsection (b) of Section 1-161; plus

23 (ii) the amount required for that fiscal year to
24 amortize any unfunded actuarial accrued liability
25 associated with the present value of liabilities
26 attributable to the employer's account under Section

1 16-158.3, determined as a level percentage of payroll over
2 a 30-year rolling amortization period.

3 In determining contributions required under item (i) of
4 this subsection, the System shall determine an aggregate rate
5 for all employers, expressed as a percentage of projected
6 payroll.

7 In determining the contributions required under item (ii)
8 of this subsection, the amount shall be computed by the System
9 on the basis of the actuarial assumptions and tables used in
10 the most recent actuarial valuation of the System that is
11 available at the time of the computation.

12 The contributions required under this subsection (b-4)
13 shall be paid by an employer concurrently with that employer's
14 payroll payment period. The State, as the actual employer of
15 an employee, shall make the required contributions under this
16 subsection.

17 (c) Payment of the required State contributions and of all
18 pensions, retirement annuities, death benefits, refunds, and
19 other benefits granted under or assumed by this System, and
20 all expenses in connection with the administration and
21 operation thereof, are obligations of the State.

22 If members are paid from special trust or federal funds
23 which are administered by the employing unit, whether school
24 district or other unit, the employing unit shall pay to the
25 System from such funds the full accruing retirement costs
26 based upon that service, which, beginning July 1, 2017, shall

1 be at a rate, expressed as a percentage of salary, equal to the
2 total employer's normal cost, expressed as a percentage of
3 payroll, as determined by the System. Employer contributions,
4 based on salary paid to members from federal funds, may be
5 forwarded by the distributing agency of the State of Illinois
6 to the System prior to allocation, in an amount determined in
7 accordance with guidelines established by such agency and the
8 System. Any contribution for fiscal year 2015 collected as a
9 result of the change made by Public Act 98-674 shall be
10 considered a State contribution under subsection (b-3) of this
11 Section.

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

19 However, with respect to benefits granted under Section
20 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
21 of Section 16-106, the employer's contribution shall be 12%
22 (rather than 20%) of the member's highest annual salary rate
23 for each year of creditable service granted, and the employer
24 shall also pay the required employee contribution on behalf of
25 the teacher. For the purposes of Sections 16-133.4 and
26 16-133.5, a teacher as defined in paragraph (8) of Section

1 16-106 who is serving in that capacity while on leave of
2 absence from another employer under this Article shall not be
3 considered an employee of the employer from which the teacher
4 is on leave.

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

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

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

14 The school district or other employing unit may pay these
15 employer contributions out of any source of funding available
16 for that purpose and shall forward the contributions to the
17 System on the schedule established for the payment of member
18 contributions.

19 These employer contributions are intended to offset a
20 portion of the cost to the System of the increases in
21 retirement benefits resulting from Public Act 90-582.

22 Each employer of teachers is entitled to a credit against
23 the contributions required under this subsection (e) with
24 respect to salaries paid to teachers for the period January 1,
25 2002 through June 30, 2003, equal to the amount paid by that
26 employer under subsection (a-5) of Section 6.6 of the State

1 Employees Group Insurance Act of 1971 with respect to salaries
2 paid to teachers for that period.

3 The additional 1% employee contribution required under
4 Section 16-152 by Public Act 90-582 is the responsibility of
5 the teacher and not the teacher's employer, unless the
6 employer agrees, through collective bargaining or otherwise,
7 to make the contribution on behalf of the teacher.

8 If an employer is required by a contract in effect on May
9 1, 1998 between the employer and an employee organization to
10 pay, on behalf of all its full-time employees covered by this
11 Article, all mandatory employee contributions required under
12 this Article, then the employer shall be excused from paying
13 the employer contribution required under this subsection (e)
14 for the balance of the term of that contract. The employer and
15 the employee organization shall jointly certify to the System
16 the existence of the contractual requirement, in such form as
17 the System may prescribe. This exclusion shall cease upon the
18 termination, extension, or renewal of the contract at any time
19 after May 1, 1998.

20 (f) If the amount of a teacher's salary for any school year
21 used to determine final average salary exceeds the member's
22 annual full-time salary rate with the same employer for the
23 previous school year by more than 6%, the teacher's employer
24 shall pay to the System, in addition to all other payments
25 required under this Section and in accordance with guidelines
26 established by the System, the present value of the increase

1 in benefits resulting from the portion of the increase in
2 salary that is in excess of 6%. This present value shall be
3 computed by the System on the basis of the actuarial
4 assumptions and tables used in the most recent actuarial
5 valuation of the System that is available at the time of the
6 computation. If a teacher's salary for the 2005-2006 school
7 year is used to determine final average salary under this
8 subsection (f), then the changes made to this subsection (f)
9 by Public Act 94-1057 shall apply in calculating whether the
10 increase in his or her salary is in excess of 6%. For the
11 purposes of this Section, change in employment under Section
12 10-21.12 of the School Code on or after June 1, 2005 shall
13 constitute a change in employer. The System may require the
14 employer to provide any pertinent information or
15 documentation. The changes made to this subsection (f) by
16 Public Act 94-1111 apply without regard to whether the teacher
17 was in service on or after its effective date.

18 Whenever it determines that a payment is or may be
19 required under this subsection, the System shall calculate the
20 amount of the payment and bill the employer for that amount.
21 The bill shall specify the calculations used to determine the
22 amount due. If the employer disputes the amount of the bill, it
23 may, within 30 days after receipt of the bill, apply to the
24 System in writing for a recalculation. The application must
25 specify in detail the grounds of the dispute and, if the
26 employer asserts that the calculation is subject to subsection

1 (g), (g-5), (g-10), (g-15), (g-20), or (h) of this Section,
2 must include an affidavit setting forth and attesting to all
3 facts within the employer's knowledge that are pertinent to
4 the applicability of that subsection. Upon receiving a timely
5 application for recalculation, the System shall review the
6 application and, if appropriate, recalculate the amount due.

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

16 (f-1) (Blank).

17 (g) This subsection (g) applies only to payments made or
18 salary increases given on or after June 1, 2005 but before July
19 1, 2011. The changes made by Public Act 94-1057 shall not
20 require the System to refund any payments received before July
21 31, 2006 (the effective date of Public Act 94-1057).

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

26 When assessing payment for any amount due under subsection

1 (f), the System shall exclude salary increases paid to a
2 teacher at a time when the teacher is 10 or more years from
3 retirement eligibility under Section 16-132 or 16-133.2.

4 When assessing payment for any amount due under subsection
5 (f), the System shall exclude salary increases resulting from
6 overload work, including summer school, when the school
7 district has certified to the System, and the System has
8 approved the certification, that (i) the overload work is for
9 the sole purpose of classroom instruction in excess of the
10 standard number of classes for a full-time teacher in a school
11 district during a school year and (ii) the salary increases
12 are equal to or less than the rate of pay for classroom
13 instruction computed on the teacher's current salary and work
14 schedule.

15 When assessing payment for any amount due under subsection
16 (f), the System shall exclude a salary increase resulting from
17 a promotion (i) for which the employee is required to hold a
18 certificate or supervisory endorsement issued by the State
19 Teacher Certification Board that is a different certification
20 or supervisory endorsement than is required for the teacher's
21 previous position and (ii) to a position that has existed and
22 been filled by a member for no less than one complete academic
23 year and the salary increase from the promotion is an increase
24 that results in an amount no greater than the lesser of the
25 average salary paid for other similar positions in the
26 district requiring the same certification or the amount

1 stipulated in the collective bargaining agreement for a
2 similar position requiring the same certification.

3 When assessing payment for any amount due under subsection
4 (f), the System shall exclude any payment to the teacher from
5 the State of Illinois or the State Board of Education over
6 which the employer does not have discretion, notwithstanding
7 that the payment is included in the computation of final
8 average salary.

9 (g-5) When assessing payment for any amount due under
10 subsection (f), the System shall exclude salary increases
11 resulting from overload or stipend work performed in a school
12 year subsequent to a school year in which the employer was
13 unable to offer or allow to be conducted overload or stipend
14 work due to an emergency declaration limiting such activities.

15 (g-10) When assessing payment for any amount due under
16 subsection (f), the System shall exclude salary increases
17 resulting from increased instructional time that exceeded the
18 instructional time required during the 2019-2020 school year.

19 (g-15) When assessing payment for any amount due under
20 subsection (f), the System shall exclude salary increases
21 resulting from teaching summer school on or after May 1, 2021
22 and before September 15, 2022.

23 (g-20) When assessing payment for any amount due under
24 subsection (f), the System shall exclude salary increases
25 necessary to bring a school board in compliance with Public
26 Act 101-443 or this amendatory Act of the 103rd General

1 Assembly.

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

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

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

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

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

25 (4) The increase in the required State contribution
26 resulting from the changes made to this Section by Public

1 Act 94-1057.

2 (i-5) For school years beginning on or after July 1, 2017,
3 if the amount of a participant's salary for any school year
4 exceeds the amount of the salary set for the Governor, the
5 participant's employer shall pay to the System, in addition to
6 all other payments required under this Section and in
7 accordance with guidelines established by the System, an
8 amount determined by the System to be equal to the employer
9 normal cost, as established by the System and expressed as a
10 total percentage of payroll, multiplied by the amount of
11 salary in excess of the amount of the salary set for the
12 Governor. This amount shall be computed by the System on the
13 basis of the actuarial assumptions and tables used in the most
14 recent actuarial valuation of the System that is available at
15 the time of the computation. The System may require the
16 employer to provide any pertinent information or
17 documentation.

18 Whenever it determines that a payment is or may be
19 required under this subsection, the System shall calculate the
20 amount of the payment and bill the employer for that amount.
21 The bill shall specify the calculations used to determine the
22 amount due. If the employer disputes the amount of the bill, it
23 may, within 30 days after receipt of the bill, apply to the
24 System in writing for a recalculation. The application must
25 specify in detail the grounds of the dispute. Upon receiving a
26 timely application for recalculation, the System shall review

1 the application and, if appropriate, recalculate the amount
2 due.

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

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

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

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

1 return.

2 (Source: P.A. 102-16, eff. 6-17-21; 102-525, eff. 8-20-21;
3 102-558, eff. 8-20-21; 102-813, eff. 5-13-22; 103-515, eff.
4 8-11-23; 103-588, eff. 6-5-24.)

5 (40 ILCS 5/16-203)

6 Sec. 16-203. Application and expiration of new benefit
7 increases.

8 (a) As used in this Section, "new benefit increase" means
9 an increase in the amount of any benefit provided under this
10 Article, or an expansion of the conditions of eligibility for
11 any benefit under this Article, that results from an amendment
12 to this Code that takes effect after June 1, 2005 (the
13 effective date of Public Act 94-4). "New benefit increase",
14 however, does not include any benefit increase resulting from
15 the changes made to Article 1 or this Article by Public Act
16 95-910, Public Act 100-23, Public Act 100-587, Public Act
17 100-743, Public Act 100-769, Public Act 101-10, Public Act
18 101-49, Public Act 102-16, ~~or~~ Public Act 102-871, or this
19 amendatory Act of the 104th General Assembly.

20 (b) Notwithstanding any other provision of this Code or
21 any subsequent amendment to this Code, every new benefit
22 increase is subject to this Section and shall be deemed to be
23 granted only in conformance with and contingent upon
24 compliance with the provisions of this Section.

25 (c) The Public Act enacting a new benefit increase must

1 identify and provide for payment to the System of additional
2 funding at least sufficient to fund the resulting annual
3 increase in cost to the System as it accrues.

4 Every new benefit increase is contingent upon the General
5 Assembly providing the additional funding required under this
6 subsection. The Commission on Government Forecasting and
7 Accountability shall analyze whether adequate additional
8 funding has been provided for the new benefit increase and
9 shall report its analysis to the Public Pension Division of
10 the Department of Insurance. A new benefit increase created by
11 a Public Act that does not include the additional funding
12 required under this subsection is null and void. If the Public
13 Pension Division determines that the additional funding
14 provided for a new benefit increase under this subsection is
15 or has become inadequate, it may so certify to the Governor and
16 the State Comptroller and, in the absence of corrective action
17 by the General Assembly, the new benefit increase shall expire
18 at the end of the fiscal year in which the certification is
19 made.

20 (d) Every new benefit increase shall expire 5 years after
21 its effective date or on such earlier date as may be specified
22 in the language enacting the new benefit increase or provided
23 under subsection (c). This does not prevent the General
24 Assembly from extending or re-creating a new benefit increase
25 by law.

26 (e) Except as otherwise provided in the language creating

1 the new benefit increase, a new benefit increase that expires
2 under this Section continues to apply to persons who applied
3 and qualified for the affected benefit while the new benefit
4 increase was in effect and to the affected beneficiaries and
5 alternate payees of such persons, but does not apply to any
6 other person, including, without limitation, a person who
7 continues in service after the expiration date and did not
8 apply and qualify for the affected benefit while the new
9 benefit increase was in effect.

10 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
11 102-813, eff. 5-13-22; 102-871, eff. 5-13-22; 103-154, eff.
12 6-30-23.)

13 (40 ILCS 5/16-207 new)

14 Sec. 16-207. Voluntary defined contribution plan.

15 (a) As soon as practicable after the effective date of
16 this amendatory Act of the 104th General Assembly, the System
17 shall develop and offer a defined contribution plan for active
18 members of the System. The defined contribution plan shall
19 collect optional employee contributions, employer
20 contributions, and State contributions into individual
21 accounts and shall offer investment options to participants.
22 There shall be no maximum or minimum contribution requirements
23 for participation in the defined contribution plan.

24 (b) On an annual basis, the employer of a participant in
25 the defined contribution plan shall deposit in the

1 participant's defined contribution plan account an amount
2 equal to the amount contributed by the participant during the
3 preceding year and the State shall deposit in the
4 participant's defined contribution plan account an amount
5 equal to the amount contributed by the participant during the
6 preceding year. If the State is the actual employer of the
7 participant, then the State shall contribute an additional
8 amount equal to the employer's contribution required under
9 this subsection.

10 (c) A participant in the defined contribution plan may not
11 withdraw moneys from the defined contribution plan account
12 while the participant is an active member of the System.

13 (d) The defined contribution plan under this Section shall
14 be operated in full compliance with any applicable State and
15 federal laws, and the System shall use generally accepted
16 practices in creating and maintaining the benefit for the best
17 interest of the participants.

18 Section 90. The State Mandates Act is amended by adding
19 Section 8.49 as follows:

20 (30 ILCS 805/8.49 new)

21 Sec. 8.49. Exempt mandate. Notwithstanding Sections 6 and
22 8 of this Act, no reimbursement by the State is required for
23 the implementation of any mandate created by this amendatory
24 Act of the 104th General Assembly.

1 INDEX

2 Statutes amended in order of appearance

3 40 ILCS 5/14-131

4 40 ILCS 5/14-152.1

5 40 ILCS 5/14-157 new

6 40 ILCS 5/16-158 from Ch. 108 1/2, par. 16-158

7 40 ILCS 5/16-203

8 40 ILCS 5/16-207 new

9 30 ILCS 805/8.49 new