



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB1451

Introduced 1/31/2025, by Sen. Robert F. Martwick

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/2-124

from Ch. 108 1/2, par. 2-124

Amends the General Assembly Article of the Illinois Pension Code. Provides that, in any fiscal year in which the total assets of the System are at least 90% of the total actuarial liabilities of the System, the minimum contribution by the State for that fiscal year shall be the System's normal cost for the fiscal year, plus a supplemental payment in any year in which the total assets of the System are less than 120% of the total actuarial liabilities. Provides that the supplemental payment is to be calculated by using a 30-year rolling amortization to target a ratio of the System's total assets to the System's total actuarial liabilities of 120%. Provides that, if the ratio of the System's total assets to the System's total actuarial liabilities is 120% or greater, but 130% or less, the State is only obligated to make a payment of the normal cost for the fiscal year. Provides that, in any fiscal year in which the ratio of the System's total assets to the System's total actuarial liabilities exceeds 130%, no payment, either for the normal cost or a supplemental payment, shall be paid to the System. Makes conforming changes.

LRB104 08657 RPS 18711 b

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 Section 2-124 as follows:

6 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)  
7 Sec. 2-124. Contributions by State.

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

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

19 (c) For State fiscal years 2012 through 2045, except as  
20 otherwise provided in this Section, the minimum contribution  
21 to the System to be made by the State for each fiscal year  
22 shall be an amount determined by the System to be sufficient to  
23 bring the total assets of the System up to 90% of the total

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

7 In any fiscal year in which the total assets of the System  
8 are at least 90% of the total actuarial liabilities of the  
9 System, the minimum contribution by the State for that fiscal  
10 year shall be the System's normal cost for the fiscal year,  
11 plus a supplemental payment in any year in which the total  
12 assets of the System are less than 120% of the total actuarial  
13 liabilities.

14 (i) The supplemental payment is to be calculated by  
15 using a 30-year rolling amortization to target a ratio of  
16 the System's total assets to the System's total actuarial  
17 liabilities of 120%.

18 (ii) If the ratio of the System's total assets to the  
19 System's total actuarial liabilities is 120% or greater,  
20 but 130% or less, the State is only obligated to make a  
21 payment of the normal cost for the fiscal year.

22 (iii) In any fiscal year in which the ratio of the  
23 System's total assets to the System's total actuarial  
24 liabilities exceeds 130%, no payment, either for the  
25 normal cost or a supplemental payment, shall to be paid to  
26 the System.

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

7           A change in an actuarial or investment assumption that  
8 increases or decreases the required State contribution and  
9 first applied to the State contribution in fiscal year 2014,  
10 2015, 2016, or 2017 shall be implemented:

11           (i) as already applied in State fiscal years before  
12 2018; and

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

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

25           Notwithstanding any other provision of this Article, the  
26 total required State contribution for State fiscal year 2006

1 is \$4,157,000.

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

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

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

22 Notwithstanding any other provision of this Article, the  
23 total required State contribution for State fiscal year 2011  
24 is the amount recertified by the System on or before April 1,  
25 2011 pursuant to Section 2-134 and shall be made from the  
26 proceeds of bonds sold in fiscal year 2011 pursuant to Section

1 7.2 of the General Obligation Bond Act, less (i) the pro rata  
2 share of bond sale expenses determined by the System's share  
3 of total bond proceeds, (ii) any amounts received from the  
4 General Revenue Fund in fiscal year 2011, and (iii) any  
5 reduction in bond proceeds due to the issuance of discounted  
6 bonds, if applicable.

7 Beginning in State fiscal year 2046 and except as  
8 otherwise provided in this Section, the minimum State  
9 contribution for each fiscal year shall be the amount needed  
10 to maintain the total assets of the System at 90% of the total  
11 actuarial liabilities of the System.

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

24 Notwithstanding any other provision of this Section, the  
25 required State contribution for State fiscal year 2005 and for  
26 fiscal year 2008 and each fiscal year thereafter, as

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

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

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

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

13           (Source: P.A. 100-23, eff. 7-6-17.)