

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1668

Introduced 2/5/2025, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

| | |
|------------------|-------------------------------|
| 40 ILCS 5/2-124 | from Ch. 108 1/2, par. 2-124 |
| 40 ILCS 5/14-131 | |
| 40 ILCS 5/15-155 | from Ch. 108 1/2, par. 15-155 |
| 40 ILCS 5/16-158 | from Ch. 108 1/2, par. 16-158 |
| 40 ILCS 5/18-131 | from Ch. 108 1/2, par. 18-131 |

Amends the General Assembly, State Employees, State Universities, Downstate Teachers, and Judges Articles of the Illinois Pension Code. Provides that, beginning the first State fiscal year after the total assets of the System are at least 90% of the total actuarial liabilities of the System and each State fiscal year thereafter, the contribution to the System shall be calculated based on an actuarially determined contribution rate. Provides that the System shall calculate the actuarially determined contribution rate in accordance with the Governmental Accounting Research System and officially adopted actuarial assumptions. Provides that the System shall use this valuation to calculate the actuarially determined contribution rate for the next fiscal year. Provides that the actuarially determined contribution rate for a fiscal year shall not be less than the amount for the preceding fiscal year if the ratio of the System's total assets to the System's total liabilities is less than 90%. Provides that the actuarially determined contribution rate shall not be less than the normal cost for the fiscal year. Sets forth provisions concerning reporting and determining the actuarially determined contribution rate. Makes conforming changes.

LRB104 09615 RPS 19680 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 Sections 2-124, 14-131, 15-155, 16-158, and 18-131 as
6 follows:

7 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

8 Sec. 2-124. Contributions by State.

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

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

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

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

8 If the System determines that the minimum contribution to
9 the System is sufficient to bring the total assets of the
10 System up to 90% of the total actuarial liabilities of the
11 System in the following fiscal year, then the System shall
12 determine the actuarially determined contribution rate for the
13 following year in accordance with this paragraph. Beginning
14 the first State fiscal year after the total assets of the
15 System are at least 90% of the total actuarial liabilities of
16 the System and each State fiscal year thereafter, the
17 contribution to the System shall be calculated based on an
18 actuarially determined contribution rate in accordance with
19 the following:

20 (1) The Board, with the consultation of a competent
21 actuary, shall calculate the actuarially determined
22 contribution rate for each fiscal year.

23 (2) The System shall calculate the actuarially
24 determined contribution rate in accordance with the
25 Governmental Accounting Research System and officially
26 adopted actuarial assumptions. The System shall use this

1 valuation to calculate the actuarially determined
2 contribution rate for the next fiscal year.

3 (3) No later than January 1 of each year in which this
4 paragraph applies, the System shall report the actuarially
5 determined contribution rate for the following fiscal year
6 to the Governor, the Auditor General, the State Treasurer,
7 and the General Assembly.

8 (4) After the calculation of the actuarially
9 determined contribution rate under item (2), the General
10 Assembly and the System shall calculate the necessary
11 amount to account for any changes in appropriations
12 necessary to fund the minimum contribution, including
13 changes in amounts for the employer's share of the
14 actuarially determined contribution rate.

15 (5) The actuarially determined contribution rate for a
16 fiscal year shall not be less than the amount for the
17 preceding fiscal year if the ratio of the System's total
18 assets to the System's total liabilities is less than 90%.

19 (6) In no event shall the actuarially determined
20 contribution rate be less than the normal cost for that
21 fiscal year.

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

1 change first applies to the required State contribution.

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

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

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

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

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

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

26 For each of State fiscal years 2008 through 2009, the

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

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

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

1 bonds, if applicable.

2 Beginning in State fiscal year 2046, except as otherwise
3 provided in this Section, the minimum State contribution for
4 each fiscal year shall be the amount needed to maintain the
5 total assets of the System at 90% of the total actuarial
6 liabilities of the System.

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

19 Notwithstanding any other provision of this Section, the
20 required State contribution for State fiscal year 2005 and for
21 fiscal year 2008 and each fiscal year thereafter, as
22 calculated under this Section and certified under Section
23 2-134, shall not exceed an amount equal to (i) the amount of
24 the required State contribution that would have been
25 calculated under this Section for that fiscal year if the
26 System had not received any payments under subsection (d) of

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

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

22 As of June 30, 2008, the actuarial value of the System's
23 assets shall be equal to the market value of the assets as of
24 that date. In determining the actuarial value of the System's
25 assets for fiscal years after June 30, 2008, any actuarial
26 gains or losses from investment return incurred in a fiscal

1 year shall be recognized in equal annual amounts over the
2 5-year period following that fiscal year.

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

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

9 (40 ILCS 5/14-131)

10 Sec. 14-131. Contributions by State.

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

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

23 (b) The Board shall determine the total amount of State
24 contributions required for each fiscal year on the basis of
25 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, except as
18 otherwise provided in this Section, the minimum contribution
19 to the System to be made by the State for each fiscal year
20 shall be an amount determined by the System to be sufficient to
21 bring the total assets of the System up to 90% of the total
22 actuarial liabilities of the System by the end of State fiscal
23 year 2045. In making these determinations, the required State
24 contribution shall be calculated each year as a level
25 percentage of payroll over the years remaining to and
26 including fiscal year 2045 and shall be determined under the

1 projected unit credit actuarial cost method.

2 If the System determines that the minimum contribution to
3 the System is sufficient to bring the total assets of the
4 System up to 90% of the total actuarial liabilities of the
5 System in the following fiscal year, then the System shall
6 determine the actuarially determined contribution rate for the
7 following year in accordance with this paragraph. Beginning
8 the first State fiscal year after the total assets of the
9 System are at least 90% of the total actuarial liabilities of
10 the System and each State fiscal year thereafter, the
11 contribution to the System shall be calculated based on an
12 actuarially determined contribution rate in accordance with
13 the following:

14 (1) The Board, with the consultation of a competent
15 actuary, shall calculate the actuarially determined
16 contribution rate for each fiscal year.

17 (2) The System shall calculate the actuarially
18 determined contribution rate in accordance with the
19 Governmental Accounting Research System and officially
20 adopted actuarial assumptions. The System shall use this
21 valuation to calculate the actuarially determined
22 contribution rate for the next fiscal year.

23 (3) No later than January 1 of each year in which this
24 paragraph applies, the System shall report the actuarially
25 determined contribution rate for the following fiscal year
26 to the Governor, the Auditor General, the State Treasurer,

1 and the General Assembly.

2 (4) After the calculation of the actuarially
3 determined contribution rate under item (2), the General
4 Assembly and the System shall calculate the necessary
5 amount to account for any changes in appropriations
6 necessary to fund the minimum contribution, including
7 changes in amounts for the employer's share of the
8 actuarially determined contribution rate.

9 (5) The actuarially determined contribution rate for a
10 fiscal year shall not be less than the amount for the
11 preceding fiscal year if the ratio of the System's total
12 assets to the System's total liabilities is less than 90%.

13 (6) In no event shall the actuarially determined
14 contribution rate be less than the normal cost for that
15 fiscal year.

16 A change in an actuarial or investment assumption that
17 increases or decreases the required State contribution and
18 first applies in State fiscal year 2018 or thereafter shall be
19 implemented in equal annual amounts over a 5-year period
20 beginning in the State fiscal year in which the actuarial
21 change first applies to the required State contribution.

22 A change in an actuarial or investment assumption that
23 increases or decreases the required State contribution and
24 first applied to the State contribution in fiscal year 2014,
25 2015, 2016, or 2017 shall be implemented:

26 (i) as already applied in State fiscal years before

1 2018; and

2 (ii) in the portion of the 5-year period beginning in
3 the State fiscal year in which the actuarial change first
4 applied that occurs in State fiscal year 2018 or
5 thereafter, by calculating the change in equal annual
6 amounts over that 5-year period and then implementing it
7 at the resulting annual rate in each of the remaining
8 fiscal years in that 5-year period.

9 For State fiscal years 1996 through 2005, the State
10 contribution to the System, as a percentage of the applicable
11 employee payroll, shall be increased in equal annual
12 increments so that by State fiscal year 2011, the State is
13 contributing at the rate required under this Section; except
14 that (i) for State fiscal year 1998, for all purposes of this
15 Code and any other law of this State, the certified percentage
16 of the applicable employee payroll shall be 5.052% for
17 employees earning eligible creditable service under Section
18 14-110 and 6.500% for all other employees, notwithstanding any
19 contrary certification made under Section 14-135.08 before
20 July 7, 1997 (the effective date of Public Act 90-65), and (ii)
21 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): 9.8% in FY 1999; 10.0% in

1 FY 2000; 10.2% in FY 2001; 10.4% in FY 2002; 10.6% in FY 2003;
2 and 10.8% in FY 2004.

3 Beginning in State fiscal year 2046, except as otherwise
4 provided in this Section, the minimum State contribution for
5 each fiscal year shall be the amount needed to maintain the
6 total assets of the System at 90% of the total actuarial
7 liabilities of the System.

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

20 Notwithstanding any other provision of this Section, the
21 required State contribution for State fiscal year 2005 and for
22 fiscal year 2008 and each fiscal year thereafter, as
23 calculated under this Section and certified under Section
24 14-135.08, shall not exceed an amount equal to (i) the amount
25 of the required State contribution that would have been
26 calculated under this Section for that fiscal year if the

1 System had not received any payments under subsection (d) of
2 Section 7.2 of the General Obligation Bond Act, minus (ii) the
3 portion of the State's total debt service payments for that
4 fiscal year on the bonds issued in fiscal year 2003 for the
5 purposes of that Section 7.2, as determined and certified by
6 the Comptroller, that is the same as the System's portion of
7 the total moneys distributed under subsection (d) of Section
8 7.2 of the General Obligation Bond Act.

9 (f) (Blank).

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

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

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

26 (i) (Blank).

1 (j) (Blank).

2 (k) For fiscal year 2012 and each fiscal year thereafter,
3 after the submission of all payments for eligible employees
4 from personal services line items paid from the General
5 Revenue Fund in the fiscal year have been made, the
6 Comptroller shall provide to the System a certification of the
7 sum of all expenditures in the fiscal year for personal
8 services. Upon receipt of the certification, the System shall
9 determine the amount due to the System based on the full rate
10 certified by the Board under Section 14-135.08 for the fiscal
11 year in order to meet the State's obligation under this
12 Section. The System shall compare this amount due to the
13 amount received by the System for the fiscal year. If the
14 amount due is more than the amount received, the difference
15 shall be termed the "Prior Fiscal Year Shortfall" for purposes
16 of this Section, and the Prior Fiscal Year Shortfall shall be
17 satisfied under Section 1.2 of the State Pension Funds
18 Continuing Appropriation Act. If the amount due is less than
19 the amount received, the difference shall be termed the "Prior
20 Fiscal Year Overpayment" for purposes of this Section, and the
21 Prior Fiscal Year Overpayment shall be repaid by the System to
22 the General Revenue Fund as soon as practicable after the
23 certification.

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

25 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

1 Sec. 15-155. Employer contributions.

2 (a) The State of Illinois shall make contributions by
3 appropriations of amounts which, together with the other
4 employer contributions from trust, federal, and other funds,
5 employee contributions, income from investments, and other
6 income of this System, will be sufficient to meet the cost of
7 maintaining and administering the System on a 90% funded basis
8 in accordance with actuarial recommendations.

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

14 (a-1) For State fiscal years 2012 through 2045, except as
15 otherwise provided in this Section, the minimum contribution
16 to the System to be made by the State for each fiscal year
17 shall be an amount determined by the System to be sufficient to
18 bring the total assets of the System up to 90% of the total
19 actuarial liabilities of the System by the end of State fiscal
20 year 2045. In making these determinations, the required State
21 contribution shall be calculated each year as a level
22 percentage of payroll over the years remaining to and
23 including fiscal year 2045 and shall be determined under the
24 projected unit credit actuarial cost method.

25 If the System determines that the minimum contribution to
26 the System is sufficient to bring the total assets of the

1 System up to 90% of the total actuarial liabilities of the
2 System in the following fiscal year, then the System shall
3 determine the actuarially determined contribution rate for the
4 following year in accordance with this paragraph. Beginning
5 the first State fiscal year after the total assets of the
6 System are at least 90% of the total actuarial liabilities of
7 the System and each State fiscal year thereafter, the
8 contribution to the System shall be calculated based on an
9 actuarially determined contribution rate in accordance with
10 the following:

11 (1) The Board, with the consultation of a competent
12 actuary, shall calculate the actuarially determined
13 contribution rate for each fiscal year.

14 (2) The System shall calculate the actuarially
15 determined contribution rate in accordance with the
16 Governmental Accounting Research System and officially
17 adopted actuarial assumptions. The System shall use this
18 valuation to calculate the actuarially determined
19 contribution rate for the next fiscal year.

20 (3) No later than January 1 of each year in which this
21 paragraph applies, the System shall report the actuarially
22 determined contribution rate for the following fiscal year
23 to the Governor, the Auditor General, the State Treasurer,
24 and the General Assembly.

25 (4) After the calculation of the actuarially
26 determined contribution rate under item (2), the General

1 Assembly and the System shall calculate the necessary
2 amount to account for any changes in appropriations
3 necessary to fund the minimum contribution, including
4 changes in amounts for the employer's share of the
5 actuarially determined contribution rate.

6 (5) The actuarially determined contribution rate for a
7 fiscal year shall not be less than the amount for the
8 preceding fiscal year if the ratio of the System's total
9 assets to the System's total liabilities is less than 90%.

10 (6) In no event shall the actuarially determined
11 contribution rate be less than the normal cost for that
12 fiscal year.

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

18 A change in an actuarial or investment assumption that
19 increases or decreases the required State contribution and
20 first applies in State fiscal year 2018 or thereafter shall be
21 implemented in equal annual amounts over a 5-year period
22 beginning in the State fiscal year in which the actuarial
23 change first applies to the required State contribution.

24 A change in an actuarial or investment assumption that
25 increases or decreases the required State contribution and
26 first applied to the State contribution in fiscal year 2014,

1 2015, 2016, or 2017 shall be implemented:

2 (i) as already applied in State fiscal years before
3 2018; and

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

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

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

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

22 For each of State fiscal years 2008 through 2009, the
23 State contribution to the System, as a percentage of the
24 applicable employee payroll, shall be increased in equal
25 annual increments from the required State contribution for
26 State fiscal year 2007, so that by State fiscal year 2011, the

1 State is contributing at the rate otherwise required under
2 this Section.

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

13 Notwithstanding any other provision of this Article, the
14 total required State contribution for State fiscal year 2011
15 is the amount recertified by the System on or before April 1,
16 2011 pursuant to Section 15-165 and shall be made from the
17 State Pensions Fund and proceeds of bonds sold in fiscal year
18 2011 pursuant to Section 7.2 of the General Obligation Bond
19 Act, less (i) the pro rata share of bond sale expenses
20 determined by the System's share of total bond proceeds, (ii)
21 any amounts received from the General Revenue Fund in fiscal
22 year 2011, and (iii) any reduction in bond proceeds due to the
23 issuance of discounted bonds, if applicable.

24 Beginning in State fiscal year 2046, except as otherwise
25 provided in this Section, the minimum State contribution for
26 each fiscal year shall be the amount needed to maintain the

1 total assets of the System at 90% of the total actuarial
2 liabilities of the System.

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

15 Notwithstanding any other provision of this Section, the
16 required State contribution for State fiscal year 2005 and for
17 fiscal year 2008 and each fiscal year thereafter, as
18 calculated under this Section and certified under Section
19 15-165, shall not exceed an amount equal to (i) the amount of
20 the required State contribution that would have been
21 calculated under this Section for that fiscal year if the
22 System had not received any payments under subsection (d) of
23 Section 7.2 of the General Obligation Bond Act, minus (ii) the
24 portion of the State's total debt service payments for that
25 fiscal year on the bonds issued in fiscal year 2003 for the
26 purposes of that Section 7.2, as determined and certified by

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

14 (a-2) Beginning in fiscal year 2018, each employer under
15 this Article shall pay to the System a required contribution
16 determined as a percentage of projected payroll and sufficient
17 to produce an annual amount equal to:

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

1 employer who has elected or who is deemed to have elected
2 the benefits under Section 1-161 or who has made the
3 election under subsection (c) of Section 1-161; plus

4 (ii) the amount required for that fiscal year to
5 amortize any unfunded actuarial accrued liability
6 associated with the present value of liabilities
7 attributable to the employer's account under Section
8 15-155.2, determined as a level percentage of payroll over
9 a 30-year rolling amortization period.

10 In determining contributions required under item (i) of
11 this subsection, the System shall determine an aggregate rate
12 for all employers, expressed as a percentage of projected
13 payroll.

14 In determining the contributions required under item (ii)
15 of this subsection, the amount shall be computed by the System
16 on the basis of the actuarial assumptions and tables used in
17 the most recent actuarial valuation of the System that is
18 available at the time of the computation.

19 The contributions required under this subsection (a-2)
20 shall be paid by an employer concurrently with that employer's
21 payroll payment period. The State, as the actual employer of
22 an employee, shall make the required contributions under this
23 subsection.

24 As used in this subsection, "academic year" means the
25 12-month period beginning September 1.

26 (b) If an employee is paid from trust or federal funds, the

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

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

1 in the same manner as employee contributions.

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

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

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

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

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

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

21 Whenever it determines that a payment is or may be
22 required under this subsection (g), the System shall calculate
23 the amount of the payment and bill the employer for that
24 amount. The bill shall specify the calculations used to
25 determine the amount due. If the employer disputes the amount
26 of the bill, it may, within 30 days after receipt of the bill,

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

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

19 When assessing payment for any amount due under this
20 subsection (g), the System shall include earnings, to the
21 extent not established by a participant under Section
22 15-113.11 or 15-113.12, that would have been paid to the
23 participant had the participant not taken (i) periods of
24 voluntary or involuntary furlough occurring on or after July
25 1, 2015 and on or before June 30, 2017 or (ii) periods of
26 voluntary pay reduction in lieu of furlough occurring on or

1 after July 1, 2015 and on or before June 30, 2017. Determining
2 earnings that would have been paid to a participant had the
3 participant not taken periods of voluntary or involuntary
4 furlough or periods of voluntary pay reduction shall be the
5 responsibility of the employer, and shall be reported in a
6 manner prescribed by the System.

7 This subsection (g) does not apply to (1) Tier 2 hybrid
8 plan members and (2) Tier 2 defined benefit members who first
9 participate under this Article on or after the implementation
10 date of the Optional Hybrid Plan.

11 (g-1) (Blank).

12 (h) This subsection (h) applies only to payments made or
13 salary increases given on or after June 1, 2005 but before July
14 1, 2011. The changes made by Public Act 94-1057 shall not
15 require the System to refund any payments received before July
16 31, 2006 (the effective date of Public Act 94-1057).

17 When assessing payment for any amount due under subsection
18 (g), the System shall exclude earnings increases paid to
19 participants under contracts or collective bargaining
20 agreements entered into, amended, or renewed before June 1,
21 2005.

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

26 When assessing payment for any amount due under subsection

1 (g), the System shall exclude earnings increases resulting
2 from overload work, including a contract for summer teaching,
3 or overtime when the employer has certified to the System, and
4 the System has approved the certification, that: (i) in the
5 case of overloads (A) the overload work is for the sole purpose
6 of academic instruction in excess of the standard number of
7 instruction hours for a full-time employee occurring during
8 the academic year that the overload is paid and (B) the
9 earnings increases are equal to or less than the rate of pay
10 for academic instruction computed using the participant's
11 current salary rate and work schedule; and (ii) in the case of
12 overtime, the overtime was necessary for the educational
13 mission.

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

1 paid for other similar positions.

2 (h-5) When assessing payment for any amount due under
3 subsection (g), the System shall exclude any earnings increase
4 paid in an academic year beginning on or after July 1, 2020
5 resulting from overload work performed in an academic year
6 subsequent to an academic year in which the employer was
7 unable to offer or allow to be conducted overload work due to
8 an emergency declaration limiting such activities.

9 (i) When assessing payment for any amount due under
10 subsection (g), the System shall exclude any salary increase
11 described in subsection (h) of this Section given on or after
12 July 1, 2011 but before July 1, 2014 under a contract or
13 collective bargaining agreement entered into, amended, or
14 renewed on or after June 1, 2005 but before July 1, 2011.
15 Except as provided in subsection (h-5), any payments made or
16 salary increases given after June 30, 2014 shall be used in
17 assessing payment for any amount due under subsection (g) of
18 this Section.

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

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

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

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

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

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

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

26 Whenever it determines that a payment is or may be

1 required under this subsection, the System shall calculate the
2 amount of the payment and bill the employer for that amount.
3 The bill shall specify the calculation used to determine the
4 amount due. If the employer disputes the amount of the bill, it
5 may, within 30 days after receipt of the bill, apply to the
6 System in writing for a recalculation. The application must
7 specify in detail the grounds of the dispute. Upon receiving a
8 timely application for recalculation, the System shall review
9 the application and, if appropriate, recalculate the amount
10 due.

11 The employer contributions required under this subsection
12 may be paid in the form of a lump sum within 90 days after
13 issuance of the bill. If the employer contributions are not
14 paid within 90 days after issuance of the bill, then interest
15 will be charged at a rate equal to the System's annual
16 actuarially assumed rate of return on investment compounded
17 annually from the 91st day after issuance of the bill. All
18 payments must be received within 3 years after issuance of the
19 bill. If the employer fails to make complete payment,
20 including applicable interest, within 3 years, then the System
21 may, after giving notice to the employer, certify the
22 delinquent amount to the State Comptroller, and the
23 Comptroller shall thereupon deduct the certified delinquent
24 amount from State funds payable to the employer and pay them
25 instead to the System.

26 This subsection (j-5) does not apply to a participant's

1 earnings to the extent an employer pays the employer normal
2 cost of such earnings.

3 The changes made to this subsection (j-5) by Public Act
4 100-624 are intended to apply retroactively to July 6, 2017
5 (the effective date of Public Act 100-23).

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

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

26 As of June 30, 2008, the actuarial value of the System's

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

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

12 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;
13 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-764, eff.
14 5-13-22.)

15 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

18 (a) The State shall make contributions to the System by
19 means of appropriations from the Common School Fund and other
20 State funds of amounts which, together with other employer
21 contributions, employee contributions, investment income, and
22 other income, will be sufficient to meet the cost of
23 maintaining and administering the System on a 90% funded basis
24 in accordance with actuarial recommendations.

25 The Board shall determine the amount of State

1 contributions required for each fiscal year on the basis of
2 the actuarial tables and other assumptions adopted by the
3 Board and the recommendations of the actuary, using the
4 formula in subsection (b-3).

5 (a-1) Annually, on or before November 15 until November
6 15, 2011, the Board shall certify to the Governor the amount of
7 the required State contribution for the coming fiscal year.
8 The certification under this subsection (a-1) shall include a
9 copy of the actuarial recommendations upon which it is based
10 and shall specifically identify the System's projected State
11 normal cost for that fiscal year.

12 On or before May 1, 2004, the Board shall recalculate and
13 recertify to the Governor the amount of the required State
14 contribution to the System for State fiscal year 2005, taking
15 into account the amounts appropriated to and received by the
16 System under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act.

18 On or before July 1, 2005, the Board shall recalculate and
19 recertify to the Governor the amount of the required State
20 contribution to the System for State fiscal year 2006, taking
21 into account the changes in required State contributions made
22 by Public Act 94-4.

23 On or before April 1, 2011, the Board shall recalculate
24 and recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2011,
26 applying the changes made by Public Act 96-889 to the System's

1 assets and liabilities as of June 30, 2009 as though Public Act
2 96-889 was approved on that date.

3 (a-5) On or before November 1 of each year, beginning
4 November 1, 2012, the Board shall submit to the State Actuary,
5 the Governor, and the General Assembly a proposed
6 certification of the amount of the required State contribution
7 to the System for the next fiscal year, along with all of the
8 actuarial assumptions, calculations, and data upon which that
9 proposed certification is based. On or before January 1 of
10 each year, beginning January 1, 2013, the State Actuary shall
11 issue a preliminary report concerning the proposed
12 certification and identifying, if necessary, recommended
13 changes in actuarial assumptions that the Board must consider
14 before finalizing its certification of the required State
15 contributions. On or before January 15, 2013 and each January
16 15 thereafter, the Board shall certify to the Governor and the
17 General Assembly the amount of the required State contribution
18 for the next fiscal year. The Board's certification must note
19 any deviations from the State Actuary's recommended changes,
20 the reason or reasons for not following the State Actuary's
21 recommended changes, and the fiscal impact of not following
22 the State Actuary's recommended changes on the required State
23 contribution.

24 (a-10) By November 1, 2017, the Board shall recalculate
25 and recertify to the State Actuary, the Governor, and the
26 General Assembly the amount of the State contribution to the

1 System for State fiscal year 2018, taking into account the
2 changes in required State contributions made by Public Act
3 100-23. The State Actuary shall review the assumptions and
4 valuations underlying the Board's revised certification and
5 issue a preliminary report concerning the proposed
6 recertification and identifying, if necessary, recommended
7 changes in actuarial assumptions that the Board must consider
8 before finalizing its certification of the required State
9 contributions. The Board's final certification must note any
10 deviations from the State Actuary's recommended changes, the
11 reason or reasons for not following the State Actuary's
12 recommended changes, and the fiscal impact of not following
13 the State Actuary's recommended changes on the required State
14 contribution.

15 (a-15) On or after June 15, 2019, but no later than June
16 30, 2019, the Board shall recalculate and recertify to the
17 Governor and the General Assembly the amount of the State
18 contribution to the System for State fiscal year 2019, taking
19 into account the changes in required State contributions made
20 by Public Act 100-587. The recalculation shall be made using
21 assumptions adopted by the Board for the original fiscal year
22 2019 certification. The monthly voucher for the 12th month of
23 fiscal year 2019 shall be paid by the Comptroller after the
24 recertification required pursuant to this subsection is
25 submitted to the Governor, Comptroller, and General Assembly.
26 The recertification submitted to the General Assembly shall be

1 filed with the Clerk of the House of Representatives and the
2 Secretary of the Senate in electronic form only, in the manner
3 that the Clerk and the Secretary shall direct.

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

7 (b-1) Unless otherwise directed by the Comptroller under
8 subsection (b-1.1), the Board shall submit vouchers for
9 payment of State contributions to the System for the
10 applicable month on the 15th day of each month, or as soon
11 thereafter as may be practicable. The amount vouchered for a
12 monthly payment shall total one-twelfth of the required annual
13 State contribution certified under subsection (a-1).

14 (b-1.1) Beginning in State fiscal year 2025, if the
15 Comptroller requests that the Board submit, during a State
16 fiscal year, vouchers for multiple monthly payments for the
17 advance payment of State contributions due to the System for
18 that State fiscal year, then the Board shall submit those
19 additional vouchers as directed by the Comptroller,
20 notwithstanding subsection (b-1). Unless an act of
21 appropriations provides otherwise, nothing in this Section
22 authorizes the Board to submit, in a State fiscal year,
23 vouchers for the payment of State contributions to the System
24 in an amount that exceeds the rate of payroll that is certified
25 by the System under this Section for that State fiscal year.

26 (b-1.2) The vouchers described in subsections (b-1) and

1 (b-1.1) shall be paid by the State Comptroller and Treasurer
2 by warrants drawn on the funds appropriated to the System for
3 that fiscal year.

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

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

16 (b-3) For State fiscal years 2012 through 2045, except as
17 otherwise provided in this Section, the minimum contribution
18 to the System to be made by the State for each fiscal year
19 shall be an amount determined by the System to be sufficient to
20 bring the total assets of the System up to 90% of the total
21 actuarial liabilities of the System by the end of State fiscal
22 year 2045. In making these determinations, the required State
23 contribution shall be calculated each year as a level
24 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 If the System determines that the minimum contribution to
2 the System is sufficient to bring the total assets of the
3 System up to 90% of the total actuarial liabilities of the
4 System in the following fiscal year, then the System shall
5 determine the actuarially determined contribution rate for the
6 following year in accordance with this paragraph. Beginning
7 the first State fiscal year after the total assets of the
8 System are at least 90% of the total actuarial liabilities of
9 the System and each State fiscal year thereafter, the
10 contribution to the System shall be calculated based on an
11 actuarially determined contribution rate in accordance with
12 the following:

13 (1) The Board, with the consultation of a competent
14 actuary, shall calculate the actuarially determined
15 contribution rate for each fiscal year.

16 (2) The System shall calculate the actuarially
17 determined contribution rate in accordance with the
18 Governmental Accounting Research System and officially
19 adopted actuarial assumptions. The System shall use this
20 valuation to calculate the actuarially determined
21 contribution rate for the next fiscal year.

22 (3) No later than January 1 of each year in which this
23 paragraph applies, the System shall report the actuarially
24 determined contribution rate for the following fiscal year
25 to the Governor, the Auditor General, the State Treasurer,
26 and the General Assembly.

1 (4) After the calculation of the actuarially
2 determined contribution rate under item (2), the General
3 Assembly and the System shall calculate the necessary
4 amount to account for any changes in appropriations
5 necessary to fund the minimum contribution, including
6 changes in amounts for the employer's share of the
7 actuarially determined contribution rate.

8 (5) The actuarially determined contribution rate for a
9 fiscal year shall not be less than the amount for the
10 preceding fiscal year if the ratio of the System's total
11 assets to the System's total liabilities is less than 90%.

12 (6) In no event shall the actuarially determined
13 contribution rate be less than the normal cost for that
14 fiscal year.

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

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

26 A change in an actuarial or investment assumption that

1 increases or decreases the required State contribution and
2 first applied to the State contribution in fiscal year 2014,
3 2015, 2016, or 2017 shall be implemented:

4 (i) as already applied in State fiscal years before
5 2018; and

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

13 For State fiscal years 1996 through 2005, the State
14 contribution to the System, as a percentage of the applicable
15 employee payroll, shall be increased in equal annual
16 increments so that by State fiscal year 2011, the State is
17 contributing at the rate required under this Section; except
18 that in the following specified State fiscal years, the State
19 contribution to the System shall not be less than the
20 following indicated percentages of the applicable employee
21 payroll, even if the indicated percentage will produce a State
22 contribution in excess of the amount otherwise required under
23 this subsection and subsection (a), and notwithstanding any
24 contrary certification made under subsection (a-1) before May
25 27, 1998 (the effective date of Public Act 90-582): 10.02% in
26 FY 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY

1 2002; 12.86% in FY 2003; and 13.56% in FY 2004.

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

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

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

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

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2011

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

15 Beginning in State fiscal year 2046, except as otherwise
16 provided in this Section, the minimum State contribution for
17 each fiscal year shall be the amount needed to maintain the
18 total assets of the System at 90% of the total actuarial
19 liabilities of the System.

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

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

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

1 year 2007 on the bonds issued in fiscal year 2003 for the
2 purposes of Section 7.2 of the General Obligation Bond Act, so
3 that, by State fiscal year 2011, the State is contributing at
4 the rate otherwise required under this Section.

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

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

21 (ii) the amount required for that fiscal year to
22 amortize any unfunded actuarial accrued liability
23 associated with the present value of liabilities
24 attributable to the employer's account under Section
25 16-158.3, determined as a level percentage of payroll over
26 a 30-year rolling amortization period.

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

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

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

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

20 If members are paid from special trust or federal funds
21 which are administered by the employing unit, whether school
22 district or other unit, the employing unit shall pay to the
23 System from such funds the full accruing retirement costs
24 based upon that service, which, beginning July 1, 2017, shall
25 be at a rate, expressed as a percentage of salary, equal to the
26 total employer's normal cost, expressed as a percentage of

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

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

17 However, with respect to benefits granted under Section
18 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
19 of Section 16-106, the employer's contribution shall be 12%
20 (rather than 20%) of the member's highest annual salary rate
21 for each year of creditable service granted, and the employer
22 shall also pay the required employee contribution on behalf of
23 the teacher. For the purposes of Sections 16-133.4 and
24 16-133.5, a teacher as defined in paragraph (8) of Section
25 16-106 who is serving in that capacity while on leave of
26 absence from another employer under this Article shall not be

1 considered an employee of the employer from which the teacher
2 is on leave.

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

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

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

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

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

20 Each employer of teachers is entitled to a credit against
21 the contributions required under this subsection (e) with
22 respect to salaries paid to teachers for the period January 1,
23 2002 through June 30, 2003, equal to the amount paid by that
24 employer under subsection (a-5) of Section 6.6 of the State
25 Employees Group Insurance Act of 1971 with respect to salaries
26 paid to teachers for that period.

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

6 If an employer is required by a contract in effect on May
7 1, 1998 between the employer and an employee organization to
8 pay, on behalf of all its full-time employees covered by this
9 Article, all mandatory employee contributions required under
10 this Article, then the employer shall be excused from paying
11 the employer contribution required under this subsection (e)
12 for the balance of the term of that contract. The employer and
13 the employee organization shall jointly certify to the System
14 the existence of the contractual requirement, in such form as
15 the System may prescribe. This exclusion shall cease upon the
16 termination, extension, or renewal of the contract at any time
17 after May 1, 1998.

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

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

16 Whenever it determines that a payment is or may be
17 required under this subsection, the System shall calculate the
18 amount of the payment and bill the employer for that amount.
19 The bill shall specify the calculations used to determine the
20 amount due. If the employer disputes the amount of the bill, it
21 may, within 30 days after receipt of the bill, apply to the
22 System in writing for a recalculation. The application must
23 specify in detail the grounds of the dispute and, if the
24 employer asserts that the calculation is subject to subsection
25 (g), (g-5), (g-10), (g-15), (g-20), or (h) of this Section,
26 must include an affidavit setting forth and attesting to all

1 facts within the employer's knowledge that are pertinent to
2 the applicability of that subsection. Upon receiving a timely
3 application for recalculation, the System shall review the
4 application and, if appropriate, recalculate the amount due.

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

14 (f-1) (Blank).

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

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

24 When assessing payment for any amount due under subsection
25 (f), the System shall exclude salary increases paid to a
26 teacher at a time when the teacher is 10 or more years from

1 retirement eligibility under Section 16-132 or 16-133.2.

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

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

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

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

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

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

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

26 (h) When assessing payment for any amount due under

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

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

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

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

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

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

26 (i-5) For school years beginning on or after July 1, 2017,

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

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

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

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

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

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

26 (Source: P.A. 102-16, eff. 6-17-21; 102-525, eff. 8-20-21;

1 102-558, eff. 8-20-21; 102-813, eff. 5-13-22; 103-515, eff.
2 8-11-23; 103-588, eff. 6-5-24.)

3 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

4 Sec. 18-131. Financing; employer contributions.

5 (a) The State of Illinois shall make contributions to this
6 System by appropriations of the amounts which, together with
7 the contributions of participants, net earnings on
8 investments, and other income, will meet the costs of
9 maintaining and administering this System on a 90% funded
10 basis in accordance with actuarial recommendations.

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

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

1 projected unit credit actuarial cost method.

2 If the System determines that the minimum contribution to
3 the System is sufficient to bring the total assets of the
4 System up to 90% of the total actuarial liabilities of the
5 System in the following fiscal year, then the System shall
6 determine the actuarially determined contribution rate for the
7 following year in accordance with this paragraph. Beginning
8 the first State fiscal year after the total assets of the
9 System are at least 90% of the total actuarial liabilities of
10 the System and each State fiscal year thereafter, the
11 contribution to the System shall be calculated based on an
12 actuarially determined contribution rate in accordance with
13 the following:

14 (1) The Board, with the consultation of a competent
15 actuary, shall calculate the actuarially determined
16 contribution rate for each fiscal year.

17 (2) The System shall calculate the actuarially
18 determined contribution rate in accordance with the
19 Governmental Accounting Research System and officially
20 adopted actuarial assumptions. The System shall use this
21 valuation to calculate the actuarially determined
22 contribution rate for the next fiscal year.

23 (3) No later than January 1 of each year in which this
24 paragraph applies, the System shall report the actuarially
25 determined contribution rate for the following fiscal year
26 to the Governor, the Auditor General, the State Treasurer,

1 and the General Assembly.

2 (4) After the calculation of the actuarially
3 determined contribution rate under item (2), the General
4 Assembly and the System shall calculate the necessary
5 amount to account for any changes in appropriations
6 necessary to fund the minimum contribution, including
7 changes in amounts for the employer's share of the
8 actuarially determined contribution rate.

9 (5) The actuarially determined contribution rate for a
10 fiscal year shall not be less than the amount for the
11 preceding fiscal year if the ratio of the System's total
12 assets to the System's total liabilities is less than 90%.

13 (6) In no event shall the actuarially determined
14 contribution rate be less than the normal cost for that
15 fiscal year.

16 A change in an actuarial or investment assumption that
17 increases or decreases the required State contribution and
18 first applies in State fiscal year 2018 or thereafter shall be
19 implemented in equal annual amounts over a 5-year period
20 beginning in the State fiscal year in which the actuarial
21 change first applies to the required State contribution.

22 A change in an actuarial or investment assumption that
23 increases or decreases the required State contribution and
24 first applied to the State contribution in fiscal year 2014,
25 2015, 2016, or 2017 shall be implemented:

26 (i) as already applied in State fiscal years before

1 2018; and

2 (ii) in the portion of the 5-year period beginning in
3 the State fiscal year in which the actuarial change first
4 applied that occurs in State fiscal year 2018 or
5 thereafter, by calculating the change in equal annual
6 amounts over that 5-year period and then implementing it
7 at the resulting annual rate in each of the remaining
8 fiscal years in that 5-year period.

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

14 Notwithstanding any other provision of this Article, the
15 total required State contribution for State fiscal year 2006
16 is \$29,189,400.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2007
19 is \$35,236,800.

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

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2010
3 is \$78,832,000 and shall be made from the proceeds of bonds
4 sold in fiscal year 2010 pursuant to Section 7.2 of the General
5 Obligation Bond Act, less (i) the pro rata share of bond sale
6 expenses determined by the System's share of total bond
7 proceeds, (ii) any amounts received from the General Revenue
8 Fund in fiscal year 2010, and (iii) any reduction in bond
9 proceeds due to the issuance of discounted bonds, if
10 applicable.

11 Notwithstanding any other provision of this Article, the
12 total required State contribution for State fiscal year 2011
13 is the amount recertified by the System on or before April 1,
14 2011 pursuant to Section 18-140 and shall be made from the
15 proceeds of bonds sold in fiscal year 2011 pursuant to Section
16 7.2 of the General Obligation Bond Act, less (i) the pro rata
17 share of bond sale expenses determined by the System's share
18 of total bond proceeds, (ii) any amounts received from the
19 General Revenue Fund in fiscal year 2011, and (iii) any
20 reduction in bond proceeds due to the issuance of discounted
21 bonds, if applicable.

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

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

13 Notwithstanding any other provision of this Section, the
14 required State contribution for State fiscal year 2005 and for
15 fiscal year 2008 and each fiscal year thereafter, as
16 calculated under this Section and certified under Section
17 18-140, shall not exceed an amount equal to (i) the amount of
18 the required State contribution that would have been
19 calculated under this Section for that fiscal year if the
20 System had not received any payments under subsection (d) of
21 Section 7.2 of the General Obligation Bond Act, minus (ii) the
22 portion of the State's total debt service payments for that
23 fiscal year on the bonds issued in fiscal year 2003 for the
24 purposes of that Section 7.2, as determined and certified by
25 the Comptroller, that is the same as the System's portion of
26 the total moneys distributed under subsection (d) of Section

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

12 (d) 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 (e) 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. 100-23, eff. 7-6-17.)