

SB1561



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB1561

Introduced 2/18/2009, by Sen. Gary Forby

SYNOPSIS AS INTRODUCED:

See Index

Amends the General Assembly, State Employees, State Universities, Downstate Teachers, and Judges Articles of the Illinois Pension Code. Declares it to be the public policy of this State and the intention of the General Assembly to protect annuitants against significant decreases in the purchasing power of retirement and survivor's annuities. Directs the Systems to review and report on significant changes in purchasing power. Provides for a one-time increase in certain retirement and survivor's annuities. Includes language exempting the changes from provisions concerning new benefit increases. Effective immediately.

LRB096 09108 AMC 19251 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT in relation to 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 changing
5 Sections 2-119.01, 2-121.1, 2-124, 2-162, 14-108, 14-109,
6 14-121, 14-131, 14-152.1, 15-136, 15-136.3, 15-145, 15-155,
7 15-198, 16-133, 16-136.2, 16-143.1, 16-158, 16-203, 18-125,
8 18-128.01, 18-131, and 18-169 and adding Sections 2-119.2,
9 14-109.1, 15-137.1, 16-136.5, and 18-125.2 as follows:

10 (40 ILCS 5/2-119.01) (from Ch. 108 1/2, par. 2-119.01)

11 Sec. 2-119.01. Retirement annuities - Amount.

12 (a) For a participant in service after June 30, 1977 who
13 has not made contributions to this System after January 1,
14 1982, the annual retirement annuity is 3% for each of the first
15 8 years of service, plus 4% for each of the next 4 years of
16 service, plus 5% for each year of service in excess of 12
17 years, based on the participant's highest salary for annuity
18 purposes. The maximum retirement annuity payable shall be 80%
19 of the participant's highest salary for annuity purposes.

20 (b) For a participant in service after June 30, 1977 who
21 has made contributions to this System on or after January 1,
22 1982, the annual retirement annuity is 3% for each of the first
23 4 years of service, plus 3 1/2% for each of the next 2 years of

1 service, plus 4% for each of the next 2 years of service, plus
2 4 1/2% for each of the next 4 years of service, plus 5% for each
3 year of service in excess of 12 years, of the participant's
4 highest salary for annuity purposes. The maximum retirement
5 annuity payable shall be 85% of the participant's highest
6 salary for annuity purposes.

7 (c) On July 1, 2009, every annuitant who began receiving a
8 retirement annuity before January 1, 1980 shall have the
9 monthly retirement annuity increased by whichever of the
10 following percentages is applicable:

11 5% if the annuity began in 1979;

12 10% if the annuity began in 1978;

13 14% if the annuity began in 1977;

14 14% if the annuity began in 1976;

15 18% if the annuity began in 1975;

16 23% if the annuity began in 1974;

17 32% if the annuity began in 1973 or before.

18 The increase under this subsection shall be calculated as a
19 percentage of the amount of the retirement annuity payable on
20 June 30, 2009, including any increases previously received
21 under this Article, and shall be included in the calculation of
22 increases granted thereafter under Section 2-119.1.

23 (Source: P.A. 86-1488.)

24 (40 ILCS 5/2-119.2 new)

25 Sec. 2-119.2. Reduction of purchasing power; policy;

1 report; increase.

2 (a) The General Assembly finds and declares that:

3 (1) The purchasing power of a fixed annuity can be
4 eroded over time by the effects of inflation and increases
5 in the general cost of living.

6 (2) For a person whose income consists primarily of a
7 fixed annuity, the reduction in purchasing power resulting
8 from increases in the cost of living can become
9 catastrophic over time, transforming a once-comfortable
10 retirement into a time of poverty and need.

11 (3) The State of Illinois is concerned about the
12 effects that a significant reduction in purchasing power
13 can have on the quality of life of retired employees and
14 their survivors.

15 (4) The General Assembly has previously addressed this
16 concern by providing for automatic annual increases in
17 retirement and survivor's annuities under this Article.
18 Recognizing that these automatic annual increases, by
19 themselves, are not a complete answer in times of high
20 inflation, the General Assembly has also, from time to
21 time, provided specific one-time increases in annuities
22 for certain categories of annuitants.

23 (b) It is the public policy of this State and the intention
24 of the General Assembly to protect annuitants against
25 significant decreases in the purchasing power of the retirement
26 and survivor's annuities granted under this Article.

1 (c) The System shall regularly review the changes that have
2 occurred in the purchasing power of the retirement and
3 survivor's annuities being paid under this Article, and it
4 shall report to the General Assembly, the Governor, and the
5 Commission on Government Forecasting and Accountability
6 whenever it determines that the original purchasing power of
7 those annuities has been reduced by 20% or more for any
8 category or group of annuitants. The System may include in the
9 report its recommendations, if any, for legislative action to
10 address its findings.

11 (d) As used in this Section, the term "retirement and
12 survivor's annuities" means all retirement annuities and those
13 survivors insurance benefits payable in the form of an annuity.

14 (40 ILCS 5/2-121.1) (from Ch. 108 1/2, par. 2-121.1)

15 Sec. 2-121.1. Survivor's annuity - amount.

16 (a) A surviving spouse shall be entitled to 66 2/3% of the
17 amount of retirement annuity to which the participant or
18 annuitant was entitled on the date of death, without regard to
19 whether the participant had attained age 55 prior to his or her
20 death, subject to a minimum payment of 10% of salary. If a
21 surviving spouse, regardless of age, has in his or her care at
22 the date of death any eligible child or children of the
23 participant, the survivor's annuity shall be the greater of the
24 following: (1) 66 2/3% of the amount of retirement annuity to
25 which the participant or annuitant was entitled on the date of

1 death, or (2) 30% of the participant's salary increased by 10%
2 of salary on account of each such child, subject to a total
3 payment for the surviving spouse and children of 50% of salary.
4 If eligible children survive but there is no surviving spouse,
5 or if the surviving spouse dies or becomes disqualified by
6 remarriage while eligible children survive, each eligible
7 child shall be entitled to an annuity of 20% of salary, subject
8 to a maximum total payment for all such children of 50% of
9 salary.

10 However, the survivor's annuity payable under this Section
11 shall not be less than 100% of the amount of retirement annuity
12 to which the participant or annuitant was entitled on the date
13 of death, if he or she is survived by a dependent disabled
14 child.

15 The salary to be used for determining these benefits shall
16 be the salary used for determining the amount of retirement
17 annuity as provided in Section 2-119.01.

18 (b) Upon the death of a participant after the termination
19 of service or upon death of an annuitant, the maximum total
20 payment to a surviving spouse and eligible children, or to
21 eligible children alone if there is no surviving spouse, shall
22 be 75% of the retirement annuity to which the participant or
23 annuitant was entitled, unless there is a dependent disabled
24 child among the survivors.

25 (c) When a child ceases to be an eligible child, the
26 annuity to that child, or to the surviving spouse on account of

1 that child, shall thereupon cease, and the annuity payable to
2 the surviving spouse or other eligible children shall be
3 recalculated if necessary.

4 Upon the ineligibility of the last eligible child, the
5 annuity shall immediately revert to the amount payable upon
6 death of a participant or annuitant who leaves no eligible
7 children. If the surviving spouse is then under age 50, the
8 annuity as revised shall be deferred until the attainment of
9 age 50.

10 (d) Beginning January 1, 1990, every survivor's annuity
11 shall be increased (1) on each January 1 occurring on or after
12 the commencement of the annuity if the deceased member died
13 while receiving a retirement annuity, or (2) in other cases, on
14 each January 1 occurring on or after the first anniversary of
15 the commencement of the annuity, by an amount equal to 3% of
16 the current amount of the annuity, including any previous
17 increases under this Article. Such increases shall apply
18 without regard to whether the deceased member was in service on
19 or after the effective date of this amendatory Act of 1991, but
20 shall not accrue for any period prior to January 1, 1990.

21 (e) Notwithstanding any other provision of this Article,
22 beginning January 1, 1990, the minimum survivor's annuity
23 payable to any person who is entitled to receive a survivor's
24 annuity under this Article shall be \$300 per month, without
25 regard to whether or not the deceased participant was in
26 service on the effective date of this amendatory Act of 1989.

1 (f) In the case of a proportional survivor's annuity
2 arising under the Retirement Systems Reciprocal Act where the
3 amount payable by the System on January 1, 1993 is less than
4 \$300 per month, the amount payable by the System shall be
5 increased beginning on that date by a monthly amount equal to
6 \$2 for each full year that has expired since the annuity began.

7 (g) On July 1, 2009, every recipient of a survivor's
8 annuity whose original annuity began before January 1, 1980
9 shall have the monthly survivor's annuity increased by
10 whichever of the following percentages is applicable:

11 5% if the original annuity began in 1979;

12 10% if the original annuity began in 1978;

13 14% if the original annuity began in 1977;

14 14% if the original annuity began in 1976;

15 18% if the original annuity began in 1975;

16 23% if the original annuity began in 1974;

17 32% if the original annuity began in 1973 or before.

18 In the case of the survivor of a deceased annuitant who
19 died while receiving a retirement annuity, "original annuity"
20 means the deceased annuitant's retirement annuity; in all other
21 cases, "original annuity" means the survivor's annuity.

22 The increase under this subsection shall be calculated as a
23 percentage of the amount of the survivor's annuity payable on
24 June 30, 2009, including any increases previously received
25 under this Article, and shall be included in the calculation of
26 increases granted thereafter under subsection (d).

1 (Source: P.A. 91-887, eff. 7-6-00.)

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

3 Sec. 2-124. Contributions by State.

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

10 (b) The Board shall determine the amount of State
11 contributions required for each fiscal year on the basis of the
12 actuarial tables and other assumptions adopted by the Board and
13 the prescribed rate of interest, using the formula in
14 subsection (c). The minimum contribution to the System to be
15 made by the State for each fiscal year shall be the sum of the
16 amount determined under subsection (c).

17 (c) For State fiscal years 2011 through 2045, the minimum
18 contribution to the System to be made by the State for each
19 fiscal year shall be an amount determined by the System to be
20 sufficient to bring the total assets of the System up to 90% of
21 the total actuarial liabilities of the System by the end of
22 State fiscal year 2045. In making these determinations, the
23 required State contribution shall be calculated each year as a
24 level percentage of payroll over the years remaining to and
25 including fiscal year 2045 and shall be determined under the

1 projected unit credit actuarial cost method.

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

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2006 is
9 \$4,157,000.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2007 is
12 \$5,220,300.

13 For each of State fiscal years 2008 through 2010, the State
14 contribution to the System, as a percentage of the applicable
15 employee payroll, shall be increased in equal annual increments
16 from the required State contribution for State fiscal year
17 2007, so that by State fiscal year 2011, the State is
18 contributing at the rate otherwise required under this Section.

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

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

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

9 Notwithstanding any other provision of this Section, the
10 required State contribution for State fiscal year 2005 and for
11 fiscal year 2008 and each fiscal year thereafter, as calculated
12 under this Section and certified under Section 2-134, shall not
13 exceed an amount equal to (i) the amount of the required State
14 contribution that would have been calculated under this Section
15 for that fiscal year if the System had not received any
16 payments under subsection (d) of Section 7.2 of the General
17 Obligation Bond Act, minus (ii) the portion of the State's
18 total debt service payments for that fiscal year on the bonds
19 issued for the purposes of that Section 7.2, as determined and
20 certified by the Comptroller, that is the same as the System's
21 portion of the total moneys distributed under subsection (d) of
22 Section 7.2 of the General Obligation Bond Act. In determining
23 this maximum for State fiscal years 2008 through 2010, however,
24 the amount referred to in item (i) shall be increased, as a
25 percentage of the applicable employee payroll, in equal
26 increments calculated from the sum of the required State

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

7 (Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 95-950,
8 eff. 8-29-08.)

9 (40 ILCS 5/2-162)

10 Sec. 2-162. Application and expiration of new benefit
11 increases.

12 (a) As used in this Section, "new benefit increase" means
13 an increase in the amount of any benefit provided under this
14 Article, or an expansion of the conditions of eligibility for
15 any benefit under this Article, that results from an amendment
16 to this Code that takes effect after June 1, 2005 (the
17 effective date of Public Act 94-4) ~~this amendatory Act of the~~
18 ~~94th General Assembly~~. "New benefit increase", however, does
19 not include any benefit increase resulting from the changes
20 made to this Article by this amendatory Act of the 96th General
21 Assembly.

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

1 the provisions of this Section.

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

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

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

1 by law.

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

12 (Source: P.A. 94-4, eff. 6-1-05.)

13 (40 ILCS 5/14-108) (from Ch. 108 1/2, par. 14-108)

14 Sec. 14-108. Amount of retirement annuity. A member who has
15 contributed to the System for at least 12 months shall be
16 entitled to a prior service annuity for each year of certified
17 prior service credited to him, except that a member shall
18 receive 1/3 of the prior service annuity for each year of
19 service for which contributions have been made and all of such
20 annuity shall be payable after the member has made
21 contributions for a period of 3 years. Proportionate amounts
22 shall be payable for service of less than a full year after
23 completion of at least 12 months.

24 The total period of service to be considered in
25 establishing the measure of prior service annuity shall include

1 service credited in the Teachers' Retirement System of the
2 State of Illinois and the State Universities Retirement System
3 for which contributions have been made by the member to such
4 systems; provided that at least 1 year of the total period of 3
5 years prescribed for the allowance of a full measure of prior
6 service annuity shall consist of membership service in this
7 system for which credit has been granted.

8 (a) In the case of a member who retires on or after January
9 1, 1998 and is a noncovered employee, the retirement annuity
10 for membership service and prior service shall be 2.2% of final
11 average compensation for each year of service. Any service
12 credit established as a covered employee shall be computed as
13 stated in paragraph (b).

14 (b) In the case of a member who retires on or after January
15 1, 1998 and is a covered employee, the retirement annuity for
16 membership service and prior service shall be computed as
17 stated in paragraph (a) for all service credit established as a
18 noncovered employee; for service credit established as a
19 covered employee it shall be 1.67% of final average
20 compensation for each year of service.

21 (c) For a member retiring after attaining age 55 but before
22 age 60 with at least 30 but less than 35 years of creditable
23 service if retirement is before January 1, 2001, or with at
24 least 25 but less than 30 years of creditable service if
25 retirement is on or after January 1, 2001, the retirement
26 annuity shall be reduced by 1/2 of 1% for each month that the

1 member's age is under age 60 at the time of retirement.

2 (d) A retirement annuity shall not exceed 75% of final
3 average compensation, subject to such extension as may result
4 from the application of Section 14-114 or Section 14-115.

5 (e) The retirement annuity payable to any covered employee
6 who is a member of the System and in service on January 1,
7 1969, or in service thereafter in 1969 as a result of
8 legislation enacted by the Illinois General Assembly
9 transferring the member to State employment from county
10 employment in a county Department of Public Aid in counties of
11 3,000,000 or more population, under a plan of coordination with
12 the Old Age, Survivors and Disability provisions thereof, if
13 not fully insured for Old Age Insurance payments under the
14 Federal Old Age, Survivors and Disability Insurance provisions
15 at the date of acceptance of a retirement annuity, shall not be
16 less than the amount for which the member would have been
17 eligible if coordination were not applicable.

18 (f) The retirement annuity payable to any covered employee
19 who is a member of the System and in service on January 1,
20 1969, or in service thereafter in 1969 as a result of the
21 legislation designated in the immediately preceding paragraph,
22 if fully insured for Old Age Insurance payments under the
23 Federal Social Security Act at the date of acceptance of a
24 retirement annuity, shall not be less than an amount which when
25 added to the Primary Insurance Benefit payable to the member
26 upon attainment of age 65 under such Federal Act, will equal

1 the annuity which would otherwise be payable if the coordinated
2 plan of coverage were not applicable.

3 (g) In the case of a member who is a noncovered employee,
4 the retirement annuity for membership service as a security
5 employee of the Department of Corrections or security employee
6 of the Department of Human Services shall be: if retirement
7 occurs on or after January 1, 2001, 3% of final average
8 compensation for each year of creditable service; or if
9 retirement occurs before January 1, 2001, 1.9% of final average
10 compensation for each of the first 10 years of service, 2.1%
11 for each of the next 10 years of service, 2.25% for each year
12 of service in excess of 20 but not exceeding 30, and 2.5% for
13 each year in excess of 30; except that the annuity may be
14 calculated under subsection (a) rather than this subsection (g)
15 if the resulting annuity is greater.

16 (h) In the case of a member who is a covered employee, the
17 retirement annuity for membership service as a security
18 employee of the Department of Corrections or security employee
19 of the Department of Human Services shall be: if retirement
20 occurs on or after January 1, 2001, 2.5% of final average
21 compensation for each year of creditable service; if retirement
22 occurs before January 1, 2001, 1.67% of final average
23 compensation for each of the first 10 years of service, 1.90%
24 for each of the next 10 years of service, 2.10% for each year
25 of service in excess of 20 but not exceeding 30, and 2.30% for
26 each year in excess of 30.

1 (i) For the purposes of this Section and Section 14-133 of
2 this Act, the term "security employee of the Department of
3 Corrections" and the term "security employee of the Department
4 of Human Services" shall have the meanings ascribed to them in
5 subsection (c) of Section 14-110.

6 (j) The retirement annuity computed pursuant to paragraphs
7 (g) or (h) shall be applicable only to those security employees
8 of the Department of Corrections and security employees of the
9 Department of Human Services who have at least 20 years of
10 membership service and who are not eligible for the alternative
11 retirement annuity provided under Section 14-110. However,
12 persons transferring to this System under Section 14-108.2 or
13 14-108.2c who have service credit under Article 16 of this Code
14 may count such service toward establishing their eligibility
15 under the 20-year service requirement of this subsection; but
16 such service may be used only for establishing such
17 eligibility, and not for the purpose of increasing or
18 calculating any benefit.

19 (k) (Blank).

20 (l) The changes to this Section made by this amendatory Act
21 of 1997 (changing certain retirement annuity formulas from a
22 stepped rate to a flat rate) apply to members who retire on or
23 after January 1, 1998, without regard to whether employment
24 terminated before the effective date of this amendatory Act of
25 1997. An annuity shall not be calculated in steps by using the
26 new flat rate for some steps and the superseded stepped rate

1 for other steps of the same type of service.

2 (m) On July 1, 2009, every annuitant who began receiving a
3 retirement annuity before January 1, 1980 shall have the
4 monthly retirement annuity increased by whichever of the
5 following percentages is applicable:

6 5% if the annuity began in 1979;

7 10% if the annuity began in 1978;

8 14% if the annuity began in 1977;

9 14% if the annuity began in 1976;

10 18% if the annuity began in 1975;

11 23% if the annuity began in 1974;

12 32% if the annuity began in 1973 or before.

13 The increase under this subsection shall be calculated as a
14 percentage of the amount of the retirement annuity payable on
15 June 30, 2009, including any increases previously received
16 under this Article, and shall be included in the calculation of
17 increases granted thereafter under Section 14-114.

18 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01.)

19 (40 ILCS 5/14-109) (from Ch. 108 1/2, par. 14-109)

20 Sec. 14-109. Minimum retirement annuity.

21 (a) Beginning January 1, 1987, any person who is receiving
22 a monthly retirement annuity under this Article which, after
23 inclusion of (1) all one-time and automatic annual increases to
24 which the person is entitled, (2) any supplemental annuity
25 payable under Section 14-115, and (3) any amount deducted under

1 Section 14-113 to provide a reversionary annuity, is less than
2 the minimum monthly retirement benefit amount specified in
3 subsection (b) of this Section, shall be entitled to a monthly
4 supplemental payment equal to the difference.

5 (b) For purposes of the calculation in subsection (a):

6 (1) Until January 1, 1997, the minimum monthly
7 retirement benefit amount is the sum of \$15 for each year
8 of service as a noncovered employee, plus \$7.50 for each
9 year of service as a covered employee, up to a maximum of
10 30 years of service.

11 (2) Beginning January 1, 1997, the minimum monthly
12 retirement benefit amount is the sum of \$25 for each year
13 of service as a noncovered employee, plus \$15 for each year
14 of service as a covered employee, up to a maximum of 30
15 years of service, plus the amount of the increase received
16 by the annuitant under subsection (m) of Section 14-108, if
17 any.

18 (c) This Section applies to all persons receiving a
19 retirement annuity under this Article, without regard to
20 whether or not employment terminated prior to the effective
21 date of this amendatory Act of 1996.

22 (Source: P.A. 89-616, eff. 8-9-96.)

23 (40 ILCS 5/14-109.1 new)

24 Sec. 14-109.1. Reduction of purchasing power; policy;
25 report; increase.

1 (a) The General Assembly finds and declares that:

2 (1) The purchasing power of a fixed annuity can be
3 eroded over time by the effects of inflation and increases
4 in the general cost of living.

5 (2) For a person whose income consists primarily of a
6 fixed annuity, the reduction in purchasing power resulting
7 from increases in the cost of living can become
8 catastrophic over time, transforming a once-comfortable
9 retirement into a time of poverty and need.

10 (3) The State of Illinois is concerned about the
11 effects that a significant reduction in purchasing power
12 can have on the quality of life of retired employees and
13 their survivors.

14 (4) The General Assembly has previously addressed this
15 concern by providing for automatic annual increases in
16 retirement and survivor's annuities under this Article.
17 Recognizing that these automatic annual increases, by
18 themselves, are not a complete answer in times of high
19 inflation, the General Assembly has also, from time to
20 time, provided specific one-time increases in annuities
21 for certain categories of annuitants.

22 (b) It is the public policy of this State and the intention
23 of the General Assembly to protect annuitants against
24 significant decreases in the purchasing power of the retirement
25 and survivor's annuities granted under this Article.

26 (c) The System shall regularly review the changes that have

1 occurred in the purchasing power of the retirement and
2 survivor's annuities being paid under this Article, and it
3 shall report to the General Assembly, the Governor, and the
4 Commission on Government Forecasting and Accountability
5 whenever it determines that the original purchasing power of
6 those annuities has been reduced by 20% or more for any
7 category or group of annuitants. The System may include in the
8 report its recommendations, if any, for legislative action to
9 address its findings.

10 (d) As used in this Section, the term "retirement and
11 survivor's annuities" means all retirement annuities and those
12 survivors insurance benefits payable in the form of an annuity.

13 (40 ILCS 5/14-121) (from Ch. 108 1/2, par. 14-121)

14 Sec. 14-121. Amount of survivors annuity. A survivors
15 annuity beneficiary shall be entitled upon death of the member
16 to a single sum payment of \$1,000, payable pro rata among all
17 persons entitled thereto, together with a survivors annuity
18 payable at the rates and under the conditions specified in this
19 Article.

20 (a) If the survivors annuity beneficiary is a spouse, the
21 survivors annuity shall be 30% of final average compensation
22 subject to a maximum payment of \$400 per month.

23 (b) If an eligible child or children under the care of a
24 spouse also survives the member, such spouse as natural
25 guardian of the child or children shall receive, in addition to

1 the foregoing annuity, 20% of final average compensation on
2 account of each such child and 10% of final average
3 compensation divided pro rata among such children, subject to a
4 maximum payment on account of all survivor annuity
5 beneficiaries of \$600 per month, or 80% of the member's final
6 average compensation, whichever is the lesser.

7 (c) If the survivors annuity beneficiary or beneficiaries
8 consists of an unmarried child or children, the amount of
9 survivors annuity shall be 20% of final average compensation to
10 each child, and 10% of final average compensation divided pro
11 rata among all such children entitled to such annuity, subject
12 to a maximum payment to all children combined of \$600 per month
13 or 80% of the member's final average compensation, whichever is
14 the lesser.

15 (d) If the survivors annuity beneficiary is one or more
16 dependent parents, the annuity shall be 20% of final average
17 compensation to each parent and 10% of final average
18 compensation divided pro rata among the parents who qualify for
19 this annuity, subject to a maximum payment to both dependent
20 parents of \$400 per month.

21 (e) The survivors annuity to the spouse, children or
22 dependent parents of a member whose death occurs after the date
23 of last withdrawal, or after retirement, or while in service
24 following reentry into service after retirement but before
25 completing 1 1/2 years of additional creditable service, shall
26 not exceed the lesser of 80% of the member's earned retirement

1 annuity at the date of death or the maximum previously
2 established in this Section.

3 (f) In applying the limitation prescribed on the combined
4 payments to 2 or more survivors annuity beneficiaries, the
5 annuity on account of each beneficiary shall be reduced pro
6 rata until such time as the number of beneficiaries makes the
7 reduction no longer applicable.

8 (g) A survivors annuity payable on account of any covered
9 employee who shall have been a covered employee for at least 18
10 months at date of death or last withdrawal, whichever is the
11 later, shall be reduced by 1/2 of the survivors benefits to
12 which his beneficiaries are eligible under the federal Social
13 Security Act, except that (1) the survivors annuity payable
14 under this Article shall not be reduced by any increase under
15 that Act which occurs after the offset required by this
16 subsection is first applied to that annuity, and (2) for
17 benefits granted on or after January 1, 1992, the offset under
18 this subsection (g) shall not exceed 50% of the amount of
19 survivors annuity otherwise payable.

20 (h) The minimum payment to a beneficiary hereunder shall be
21 \$60 per month, which shall be reduced in accordance with the
22 limitation prescribed on the combined payments to all
23 beneficiaries of a member.

24 (i) Subject to the conditions set forth in Section 14-120,
25 the minimum total survivors annuity benefit payable to the
26 survivors annuity beneficiaries of a deceased member or

1 annuitant whose death occurs on or after January 1, 1984, shall
2 be 50% of the amount of retirement annuity that was or would
3 have been payable to the deceased on the date of death,
4 regardless of the age of the deceased on such date. If the
5 minimum total benefit provided by this subsection exceeds the
6 maximum otherwise imposed by this Section, the minimum total
7 benefit shall nevertheless be payable. Any increase in the
8 total survivors annuity benefit resulting from the operation of
9 this subsection shall be divided among the survivors annuity
10 beneficiaries of the deceased in proportion to their shares of
11 the total survivors annuity benefit otherwise payable under
12 this Section.

13 (j) Any survivors annuity beneficiary whose annuity
14 terminates due to any condition specified in this Article other
15 than death shall be entitled to a refund of the excess, if any,
16 of the accumulated contributions of the member plus credited
17 interest over all payments to the member and beneficiary or
18 beneficiaries, exclusive of the single sum payment of \$1,000,
19 provided no future survivors or reversionary annuity benefits
20 are payable.

21 (k) Upon the death of the last eligible recipient of a
22 survivors annuity the excess, if any, of the member's
23 accumulated contributions plus credited interest over all
24 annuity payments to the member and survivors exclusive of the
25 single sum payment of \$1000, shall be paid to the named
26 beneficiary of the last eligible survivor, or if none has been

1 named, to the estate of the last eligible survivor, provided no
2 reversionary annuity is payable.

3 (1) On January 1, 1981, any survivor who was receiving a
4 survivors annuity on or before January 1, 1971, shall have his
5 survivors annuity then being paid increased by 1% for each full
6 year which has elapsed from the date the annuity began. On
7 January 1, 1982, any survivor who began receiving a survivor's
8 annuity after January 1, 1971, but before January 1, 1981,
9 shall have his survivor's annuity then being paid increased by
10 1% for each full year that has elapsed from the date the
11 annuity began. On January 1, 1987, any survivor who began
12 receiving a survivor's annuity on or before January 1, 1977,
13 shall have the monthly survivor's annuity increased by \$1 for
14 each full year which has elapsed since the date the survivor's
15 annuity began.

16 (m) Beginning January 1, 1990, every survivor's annuity
17 shall be increased (1) on each January 1 occurring on or after
18 the commencement of the annuity if the deceased member died
19 while receiving a retirement annuity, or (2) in other cases, on
20 each January 1 occurring on or after the first anniversary of
21 the commencement of the annuity, by an amount equal to 3% of
22 the current amount of the annuity, including any previous
23 increases under this Article. Such increases shall apply
24 without regard to whether the deceased member was in service on
25 or after the effective date of Public Act 86-1488, but shall
26 not accrue for any period prior to January 1, 1990.

1 (n) On July 1, 2009, every recipient of a survivor's
2 annuity whose original annuity began before January 1, 1980
3 shall have the monthly survivor's annuity increased by
4 whichever of the following percentages is applicable:

5 5% if the original annuity began in 1979;

6 10% if the original annuity began in 1978;

7 14% if the original annuity began in 1977;

8 14% if the original annuity began in 1976;

9 18% if the original annuity began in 1975;

10 23% if the original annuity began in 1974;

11 32% if the original annuity began in 1973 or before.

12 In the case of the survivor of a deceased annuitant who
13 died while receiving a retirement annuity, "original annuity"
14 means the deceased annuitant's retirement annuity; in all other
15 cases, "original annuity" means the survivor's annuity.

16 The increase under this subsection shall be calculated as a
17 percentage of the amount of the survivor's annuity payable on
18 June 30, 2009, including any increases previously received
19 under this Article, and shall be included in the calculation of
20 increases granted thereafter under subsection (m).

21 (Source: P.A. 86-273; 86-1488; 87-794.)

22 (40 ILCS 5/14-131) (from Ch. 108 1/2, par. 14-131)

23 Sec. 14-131. Contributions by State.

24 (a) The State shall make contributions to the System by
25 appropriations of amounts which, together with other employer

1 contributions from trust, federal, and other funds, employee
2 contributions, investment income, and other income, will be
3 sufficient to meet the cost of maintaining and administering
4 the System on a 90% funded basis in accordance with actuarial
5 recommendations.

6 For the purposes of this Section and Section 14-135.08,
7 references to State contributions refer only to employer
8 contributions and do not include employee contributions that
9 are picked up or otherwise paid by the State or a department on
10 behalf of the employee.

11 (b) The Board shall determine the total amount of State
12 contributions required for each fiscal year on the basis of the
13 actuarial tables and other assumptions adopted by the Board,
14 using the formula in subsection (e). The minimum contribution
15 to the System to be made by the State for each fiscal year
16 shall be the sum of the amount determined under subsection (e).

17 The Board shall also determine a State contribution rate
18 for each fiscal year, expressed as a percentage of payroll,
19 based on the total required State contribution for that fiscal
20 year (less the amount received by the System from
21 appropriations under Section 8.12 of the State Finance Act and
22 Section 1 of the State Pension Funds Continuing Appropriation
23 Act, if any, for the fiscal year ending on the June 30
24 immediately preceding the applicable November 15 certification
25 deadline), the estimated payroll (including all forms of
26 compensation) for personal services rendered by eligible

1 employees, and the recommendations of the actuary.

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

9 (c) Contributions shall be made by the several departments
10 for each pay period by warrants drawn by the State Comptroller
11 against their respective funds or appropriations based upon
12 vouchers stating the amount to be so contributed. These amounts
13 shall be based on the full rate certified by the Board under
14 Section 14-135.08 for that fiscal year. From the effective date
15 of this amendatory Act of the 93rd General Assembly through the
16 payment of the final payroll from fiscal year 2004
17 appropriations, the several departments shall not make
18 contributions for the remainder of fiscal year 2004 but shall
19 instead make payments as required under subsection (a-1) of
20 Section 14.1 of the State Finance Act. The several departments
21 shall resume those contributions at the commencement of fiscal
22 year 2005.

23 (d) If an employee is paid from trust funds or federal
24 funds, the department or other employer shall pay employer
25 contributions from those funds to the System at the certified
26 rate, unless the terms of the trust or the federal-State

1 agreement preclude the use of the funds for that purpose, in
2 which case the required employer contributions shall be paid by
3 the State. From the effective date of this amendatory Act of
4 the 93rd General Assembly through the payment of the final
5 payroll from fiscal year 2004 appropriations, the department or
6 other employer shall not pay contributions for the remainder of
7 fiscal year 2004 but shall instead make payments as required
8 under subsection (a-1) of Section 14.1 of the State Finance
9 Act. The department or other employer shall resume payment of
10 contributions at the commencement of fiscal year 2005.

11 (e) For State fiscal years 2011 through 2045, the minimum
12 contribution to the System to be made by the State for each
13 fiscal year shall be an amount determined by the System to be
14 sufficient to bring the total assets of the System up to 90% of
15 the total actuarial liabilities of the System by the end of
16 State fiscal year 2045. In making these determinations, the
17 required State contribution shall be calculated each year as a
18 level percentage of payroll over the years remaining to and
19 including fiscal year 2045 and shall be determined under the
20 projected unit credit actuarial cost method.

21 For State fiscal years 1996 through 2005, the State
22 contribution to the System, as a percentage of the applicable
23 employee payroll, shall be increased in equal annual increments
24 so that by State fiscal year 2011, the State is contributing at
25 the rate required under this Section; except that (i) for State
26 fiscal year 1998, for all purposes of this Code and any other

1 law of this State, the certified percentage of the applicable
2 employee payroll shall be 5.052% for employees earning eligible
3 creditable service under Section 14-110 and 6.500% for all
4 other employees, notwithstanding any contrary certification
5 made under Section 14-135.08 before the effective date of this
6 amendatory Act of 1997, and (ii) in the following specified
7 State fiscal years, the State contribution to the System shall
8 not be less than the following indicated percentages of the
9 applicable employee payroll, even if the indicated percentage
10 will produce a State contribution in excess of the amount
11 otherwise required under this subsection and subsection (a):
12 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
13 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

14 Notwithstanding any other provision of this Article, the
15 total required State contribution to the System for State
16 fiscal year 2006 is \$203,783,900.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution to the System for State
19 fiscal year 2007 is \$344,164,400.

20 For each of State fiscal years 2008 through 2010, the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, shall be increased in equal annual increments
23 from the required State contribution for State fiscal year
24 2007, so that by State fiscal year 2011, the State is
25 contributing at the rate otherwise required under this Section.

26 Beginning in State fiscal year 2046, the minimum State

1 contribution for each fiscal year shall be the amount needed to
2 maintain the total assets of the System at 90% of the total
3 actuarial liabilities of the System.

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

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

1 certified by the Comptroller, that is the same as the System's
2 portion of the total moneys distributed under subsection (d) of
3 Section 7.2 of the General Obligation Bond Act. In determining
4 this maximum for State fiscal years 2008 through 2010, however,
5 the 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 for the purposes of Section 7.2
11 of the General Obligation Bond Act, so that, by State fiscal
12 year 2011, the State is contributing at the rate otherwise
13 required under this Section.

14 (f) After the submission of all payments for eligible
15 employees from personal services line items in fiscal year 2004
16 have been made, the Comptroller shall provide to the System a
17 certification of the sum of all fiscal year 2004 expenditures
18 for personal services that would have been covered by payments
19 to the System under this Section if the provisions of this
20 amendatory Act of the 93rd General Assembly had not been
21 enacted. Upon receipt of the certification, the System shall
22 determine the amount due to the System based on the full rate
23 certified by the Board under Section 14-135.08 for fiscal year
24 2004 in order to meet the State's obligation under this
25 Section. The System shall compare this amount due to the amount
26 received by the System in fiscal year 2004 through payments

1 under this Section and under Section 6z-61 of the State Finance
2 Act. If the amount due is more than the amount received, the
3 difference shall be termed the "Fiscal Year 2004 Shortfall" for
4 purposes of this Section, and the Fiscal Year 2004 Shortfall
5 shall be satisfied under Section 1.2 of the State Pension Funds
6 Continuing Appropriation Act. If the amount due is less than
7 the amount received, the difference shall be termed the "Fiscal
8 Year 2004 Overpayment" for purposes of this Section, and the
9 Fiscal Year 2004 Overpayment shall be repaid by the System to
10 the Pension Contribution Fund as soon as practicable after the
11 certification.

12 (Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 95-950,
13 eff. 8-29-08.)

14 (40 ILCS 5/14-152.1)

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

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

1 Assembly.

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

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

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

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

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

17 (Source: P.A. 94-4, eff. 6-1-05.)

18 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

19 Sec. 15-136. Retirement annuities - Amount. The provisions
20 of this Section 15-136 apply only to those participants who are
21 participating in the traditional benefit package or the
22 portable benefit package and do not apply to participants who
23 are participating in the self-managed plan.

24 (a) The amount of a participant's retirement annuity,
25 expressed in the form of a single-life annuity, shall be

1 determined by whichever of the following rules is applicable
2 and provides the largest annuity:

3 Rule 1: The retirement annuity shall be 1.67% of final rate
4 of earnings for each of the first 10 years of service, 1.90%
5 for each of the next 10 years of service, 2.10% for each year
6 of service in excess of 20 but not exceeding 30, and 2.30% for
7 each year in excess of 30; or for persons who retire on or
8 after January 1, 1998, 2.2% of the final rate of earnings for
9 each year of service.

10 Rule 2: The retirement annuity shall be the sum of the
11 following, determined from amounts credited to the participant
12 in accordance with the actuarial tables and the prescribed rate
13 of interest in effect at the time the retirement annuity
14 begins:

15 (i) the normal annuity which can be provided on an
16 actuarially equivalent basis, by the accumulated normal
17 contributions as of the date the annuity begins;

18 (ii) an annuity from employer contributions of an
19 amount equal to that which can be provided on an
20 actuarially equivalent basis from the accumulated normal
21 contributions made by the participant under Section
22 15-113.6 and Section 15-113.7 plus 1.4 times all other
23 accumulated normal contributions made by the participant;
24 and

25 (iii) the annuity that can be provided on an
26 actuarially equivalent basis from the entire contribution

1 made by the participant under Section 15-113.3.

2 With respect to a police officer or firefighter who retires
3 on or after August 14, 1998, the accumulated normal
4 contributions taken into account under clauses (i) and (ii) of
5 this Rule 2 shall include the additional normal contributions
6 made by the police officer or firefighter under Section
7 15-157(a).

8 The amount of a retirement annuity calculated under this
9 Rule 2 shall be computed solely on the basis of the
10 participant's accumulated normal contributions, as specified
11 in this Rule and defined in Section 15-116. Neither an employee
12 or employer contribution for early retirement under Section
13 15-136.2 nor any other employer contribution shall be used in
14 the calculation of the amount of a retirement annuity under
15 this Rule 2.

16 This amendatory Act of the 91st General Assembly is a
17 clarification of existing law and applies to every participant
18 and annuitant without regard to whether status as an employee
19 terminates before the effective date of this amendatory Act.

20 This Rule 2 does not apply to a person who first becomes an
21 employee under this Article on or after July 1, 2005.

22 Rule 3: The retirement annuity of a participant who is
23 employed at least one-half time during the period on which his
24 or her final rate of earnings is based, shall be equal to the
25 participant's years of service not to exceed 30, multiplied by
26 (1) \$96 if the participant's final rate of earnings is less

1 than \$3,500, (2) \$108 if the final rate of earnings is at least
2 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
3 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
4 the final rate of earnings is at least \$5,500 but less than
5 \$6,500, (5) \$144 if the final rate of earnings is at least
6 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
7 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
8 the final rate of earnings is at least \$8,500 but less than
9 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
10 more, except that the annuity for those persons having made an
11 election under Section 15-154(a-1) shall be calculated and
12 payable under the portable retirement benefit program pursuant
13 to the provisions of Section 15-136.4.

14 Rule 4: A participant who is at least age 50 and has 25 or
15 more years of service as a police officer or firefighter, and a
16 participant who is age 55 or over and has at least 20 but less
17 than 25 years of service as a police officer or firefighter,
18 shall be entitled to a retirement annuity of 2 1/4% of the
19 final rate of earnings for each of the first 10 years of
20 service as a police officer or firefighter, 2 1/2% for each of
21 the next 10 years of service as a police officer or
22 firefighter, and 2 3/4% for each year of service as a police
23 officer or firefighter in excess of 20. The retirement annuity
24 for all other service shall be computed under Rule 1.

25 For purposes of this Rule 4, a participant's service as a
26 firefighter shall also include the following:

1 (i) service that is performed while the person is an
2 employee under subsection (h) of Section 15-107; and

3 (ii) in the case of an individual who was a
4 participating employee employed in the fire department of
5 the University of Illinois's Champaign-Urbana campus
6 immediately prior to the elimination of that fire
7 department and who immediately after the elimination of
8 that fire department transferred to another job with the
9 University of Illinois, service performed as an employee of
10 the University of Illinois in a position other than police
11 officer or firefighter, from the date of that transfer
12 until the employee's next termination of service with the
13 University of Illinois.

14 Rule 5: The retirement annuity of a participant who elected
15 early retirement under the provisions of Section 15-136.2 and
16 who, on or before February 16, 1995, brought administrative
17 proceedings pursuant to the administrative rules adopted by the
18 System to challenge the calculation of his or her retirement
19 annuity shall be the sum of the following, determined from
20 amounts credited to the participant in accordance with the
21 actuarial tables and the prescribed rate of interest in effect
22 at the time the retirement annuity begins:

23 (i) the normal annuity which can be provided on an
24 actuarially equivalent basis, by the accumulated normal
25 contributions as of the date the annuity begins; and

26 (ii) an annuity from employer contributions of an

1 amount equal to that which can be provided on an
2 actuarially equivalent basis from the accumulated normal
3 contributions made by the participant under Section
4 15-113.6 and Section 15-113.7 plus 1.4 times all other
5 accumulated normal contributions made by the participant;
6 and

7 (iii) an annuity which can be provided on an
8 actuarially equivalent basis from the employee
9 contribution for early retirement under Section 15-136.2,
10 and an annuity from employer contributions of an amount
11 equal to that which can be provided on an actuarially
12 equivalent basis from the employee contribution for early
13 retirement under Section 15-136.2.

14 In no event shall a retirement annuity under this Rule 5 be
15 lower than the amount obtained by adding (1) the monthly amount
16 obtained by dividing the combined employee and employer
17 contributions made under Section 15-136.2 by the System's
18 annuity factor for the age of the participant at the beginning
19 of the annuity payment period and (2) the amount equal to the
20 participant's annuity if calculated under Rule 1, reduced under
21 Section 15-136(b) as if no contributions had been made under
22 Section 15-136.2.

23 With respect to a participant who is qualified for a
24 retirement annuity under this Rule 5 whose retirement annuity
25 began before the effective date of this amendatory Act of the
26 91st General Assembly, and for whom an employee contribution

1 was made under Section 15-136.2, the System shall recalculate
2 the retirement annuity under this Rule 5 and shall pay any
3 additional amounts due in the manner provided in Section
4 15-186.1 for benefits mistakenly set too low.

5 The amount of a retirement annuity calculated under this
6 Rule 5 shall be computed solely on the basis of those
7 contributions specifically set forth in this Rule 5. Except as
8 provided in clause (iii) of this Rule 5, neither an employee
9 nor employer contribution for early retirement under Section
10 15-136.2, nor any other employer contribution, shall be used in
11 the calculation of the amount of a retirement annuity under
12 this Rule 5.

13 The General Assembly has adopted the changes set forth in
14 Section 25 of this amendatory Act of the 91st General Assembly
15 in recognition that the decision of the Appellate Court for the
16 Fourth District in *Mattis v. State Universities Retirement*
17 *System et al.* might be deemed to give some right to the
18 plaintiff in that case. The changes made by Section 25 of this
19 amendatory Act of the 91st General Assembly are a legislative
20 implementation of the decision of the Appellate Court for the
21 Fourth District in *Mattis v. State Universities Retirement*
22 *System et al.* with respect to that plaintiff.

23 The changes made by Section 25 of this amendatory Act of
24 the 91st General Assembly apply without regard to whether the
25 person is in service as an employee on or after its effective
26 date.

1 (b) The retirement annuity provided under Rules 1 and 3
2 above shall be reduced by 1/2 of 1% for each month the
3 participant is under age 60 at the time of retirement. However,
4 this reduction shall not apply in the following cases:

5 (1) For a disabled participant whose disability
6 benefits have been discontinued because he or she has
7 exhausted eligibility for disability benefits under clause
8 (6) of Section 15-152;

9 (2) For a participant who has at least the number of
10 years of service required to retire at any age under
11 subsection (a) of Section 15-135; or

12 (3) For that portion of a retirement annuity which has
13 been provided on account of service of the participant
14 during periods when he or she performed the duties of a
15 police officer or firefighter, if these duties were
16 performed for at least 5 years immediately preceding the
17 date the retirement annuity is to begin.

18 (c) The maximum retirement annuity provided under Rules 1,
19 2, 4, and 5 shall be the lesser of (1) the annual limit of
20 benefits as specified in Section 415 of the Internal Revenue
21 Code of 1986, as such Section may be amended from time to time
22 and as such benefit limits shall be adjusted by the
23 Commissioner of Internal Revenue, and (2) 80% of final rate of
24 earnings.

25 (d) An annuitant whose status as an employee terminates
26 after August 14, 1969 shall receive automatic increases in his

1 or her retirement annuity as follows:

2 Effective January 1 immediately following the date the
3 retirement annuity begins, the annuitant shall receive an
4 increase in his or her monthly retirement annuity of 0.125% of
5 the monthly retirement annuity provided under Rule 1, Rule 2,
6 Rule 3, Rule 4, or Rule 5, contained in this Section,
7 multiplied by the number of full months which elapsed from the
8 date the retirement annuity payments began to January 1, 1972,
9 plus 0.1667% of such annuity, multiplied by the number of full
10 months which elapsed from January 1, 1972, or the date the
11 retirement annuity payments began, whichever is later, to
12 January 1, 1978, plus 0.25% of such annuity multiplied by the
13 number of full months which elapsed from January 1, 1978, or
14 the date the retirement annuity payments began, whichever is
15 later, to the effective date of the increase.

16 The annuitant shall receive an increase in his or her
17 monthly retirement annuity on each January 1 thereafter during
18 the annuitant's life of 3% of the monthly annuity provided
19 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
20 this Section. The change made under this subsection by P.A.
21 81-970 is effective January 1, 1980 and applies to each
22 annuitant whose status as an employee terminates before or
23 after that date.

24 Beginning January 1, 1990, all automatic annual increases
25 payable under this Section shall be calculated as a percentage
26 of the total annuity payable at the time of the increase,

1 including all increases previously granted under this Article.

2 The change made in this subsection by P.A. 85-1008 is
3 effective January 26, 1988, and is applicable without regard to
4 whether status as an employee terminated before that date.

5 (e) If, on January 1, 1987, or the date the retirement
6 annuity payment period begins, whichever is later, the sum of
7 the retirement annuity provided under Rule 1 or Rule 2 of this
8 Section and the automatic annual increases provided under the
9 preceding subsection or Section 15-136.1, amounts to less than
10 the retirement annuity which would be provided by Rule 3, the
11 retirement annuity shall be increased as of January 1, 1987, or
12 the date the retirement annuity payment period begins,
13 whichever is later, to the amount which would be provided by
14 Rule 3 of this Section. Such increased amount shall be
15 considered as the retirement annuity in determining benefits
16 provided under other Sections of this Article. This paragraph
17 applies without regard to whether status as an employee
18 terminated before the effective date of this amendatory Act of
19 1987, provided that the annuitant was employed at least
20 one-half time during the period on which the final rate of
21 earnings was based.

22 (f) A participant is entitled to such additional annuity as
23 may be provided on an actuarially equivalent basis, by any
24 accumulated additional contributions to his or her credit.
25 However, the additional contributions made by the participant
26 toward the automatic increases in annuity provided under this

1 Section shall not be taken into account in determining the
2 amount of such additional annuity.

3 (g) If, (1) by law, a function of a governmental unit, as
4 defined by Section 20-107 of this Code, is transferred in whole
5 or in part to an employer, and (2) a participant transfers
6 employment from such governmental unit to such employer within
7 6 months after the transfer of the function, and (3) the sum of
8 (A) the annuity payable to the participant under Rule 1, 2, or
9 3 of this Section (B) all proportional annuities payable to the
10 participant by all other retirement systems covered by Article
11 20, and (C) the initial primary insurance amount to which the
12 participant is entitled under the Social Security Act, is less
13 than the retirement annuity which would have been payable if
14 all of the participant's pension credits validated under
15 Section 20-109 had been validated under this system, a
16 supplemental annuity equal to the difference in such amounts
17 shall be payable to the participant.

18 (h) On January 1, 1981, an annuitant who was receiving a
19 retirement annuity on or before January 1, 1971 shall have his
20 or her retirement annuity then being paid increased \$1 per
21 month for each year of creditable service. On January 1, 1982,
22 an annuitant whose retirement annuity began on or before
23 January 1, 1977, shall have his or her retirement annuity then
24 being paid increased \$1 per month for each year of creditable
25 service.

26 (i) On January 1, 1987, any annuitant whose retirement

1 annuity began on or before January 1, 1977, shall have the
2 monthly retirement annuity increased by an amount equal to 8¢
3 per year of creditable service times the number of years that
4 have elapsed since the annuity began.

5 (j) On July 1, 2009, every annuitant who began receiving a
6 retirement annuity before January 1, 1980 shall have the
7 monthly retirement annuity increased by whichever of the
8 following percentages is applicable:

9 5% if the annuity began in 1979;

10 10% if the annuity began in 1978;

11 14% if the annuity began in 1977;

12 14% if the annuity began in 1976;

13 18% if the annuity began in 1975;

14 23% if the annuity began in 1974;

15 32% if the annuity began in 1973 or before.

16 The increase under this subsection shall be calculated as a
17 percentage of the amount of the retirement annuity payable on
18 June 30, 2009, including any increases previously received
19 under this Article, and shall be included in the calculation of
20 increases granted thereafter under subsection (d).

21 (Source: P.A. 93-347, eff. 7-24-03; 94-4, eff. 6-1-05.)

22 (40 ILCS 5/15-136.3)

23 Sec. 15-136.3. Minimum retirement annuity.

24 (a) Beginning January 1, 1997, any person who is receiving
25 a monthly retirement annuity under this Article which, after

1 inclusion of (1) all one-time and automatic annual increases to
2 which the person is entitled, (2) any supplemental annuity
3 payable under Section 15-136.1, and (3) any amount deducted
4 under Section 15-138 or 15-140 to provide a reversionary
5 annuity, is less than the minimum monthly retirement benefit
6 amount specified in subsection (b) of this Section, shall be
7 entitled to a monthly supplemental payment equal to the
8 difference.

9 (b) For purposes of the calculation in subsection (a), the
10 minimum monthly retirement benefit amount is the sum of \$25 for
11 each year of service credit, up to a maximum of 30 years of
12 service, plus the amount of the increase received by the
13 annuitant under subsection (j) of Section 15-136, if any.

14 (c) This Section applies to all persons receiving a
15 retirement annuity under this Article, without regard to
16 whether or not employment terminated prior to the effective
17 date of this Section.

18 (Source: P.A. 89-616, eff. 8-9-96.)

19 (40 ILCS 5/15-137.1 new)

20 Sec. 15-137.1. Reduction of purchasing power; policy;
21 report; increase.

22 (a) The General Assembly finds and declares that:

23 (1) The purchasing power of a fixed annuity can be
24 eroded over time by the effects of inflation and increases
25 in the general cost of living.

1 (2) For a person whose income consists primarily of a
2 fixed annuity, the reduction in purchasing power resulting
3 from increases in the cost of living can become
4 catastrophic over time, transforming a once-comfortable
5 retirement into a time of poverty and need.

6 (3) The State of Illinois is concerned about the
7 effects that a significant reduction in purchasing power
8 can have on the quality of life of retired employees and
9 their survivors.

10 (4) The General Assembly has previously addressed this
11 concern by providing for automatic annual increases in
12 retirement and survivor's annuities under this Article.
13 Recognizing that these automatic annual increases, by
14 themselves, are not a complete answer in times of high
15 inflation, the General Assembly has also, from time to
16 time, provided specific one-time increases in annuities
17 for certain categories of annuitants.

18 (b) It is the public policy of this State and the intention
19 of the General Assembly to protect annuitants against
20 significant decreases in the purchasing power of the retirement
21 and survivor's annuities granted under this Article.

22 (c) The System shall regularly review the changes that have
23 occurred in the purchasing power of the retirement and
24 survivor's annuities being paid under this Article, and it
25 shall report to the General Assembly, the Governor, and the
26 Commission on Government Forecasting and Accountability

1 whenever it determines that the original purchasing power of
2 those annuities has been reduced by 20% or more for any
3 category or group of annuitants. The System may include in the
4 report its recommendations, if any, for legislative action to
5 address its findings.

6 (d) As used in this Section, the term "retirement and
7 survivor's annuities" means all retirement annuities and those
8 survivors insurance benefits payable in the form of an annuity.

9 (e) This Section does not apply to any benefits under the
10 self-managed plan.

11 (40 ILCS 5/15-145) (from Ch. 108 1/2, par. 15-145)

12 Sec. 15-145. Survivors insurance benefits; conditions and
13 amounts.

14 (a) The survivors insurance benefits provided under this
15 Section shall be payable to the eligible survivors of a
16 participant covered under the traditional benefit package upon
17 the death of (1) a participating employee with at least 1 1/2
18 years of service, (2) a participant who terminated employment
19 with at least 10 years of service, and (3) an annuitant in
20 receipt of a retirement annuity or disability retirement
21 annuity under this Article.

22 Service under the State Employees' Retirement System of
23 Illinois, the Teachers' Retirement System of the State of
24 Illinois and the Public School Teachers' Pension and Retirement
25 Fund of Chicago shall be considered in determining eligibility

1 for survivors benefits under this Section.

2 If by law, a function of a governmental unit, as defined by
3 Section 20-107, is transferred in whole or in part to an
4 employer, and an employee transfers employment from this
5 governmental unit to such employer within 6 months after the
6 transfer of this function, the service credits in the
7 governmental unit's retirement system which have been
8 validated under Section 20-109 shall be considered in
9 determining eligibility for survivors benefits under this
10 Section.

11 (b) A surviving spouse of a deceased participant, or of a
12 deceased annuitant who did not take a refund or additional
13 annuity consisting of accumulated survivors insurance
14 contributions, shall receive a survivors annuity of 30% of the
15 final rate of earnings. Payments shall begin on the day
16 following the participant's or annuitant's death or the date
17 the surviving spouse attains age 50, whichever is later, and
18 continue until the death of the surviving spouse. The annuity
19 shall be payable to the surviving spouse prior to attainment of
20 age 50 if the surviving spouse has in his or her care a
21 deceased participant's or annuitant's dependent unmarried
22 child under age 18 (under age 22 if a full-time student) who is
23 eligible for a survivors annuity.

24 Remarriage of a surviving spouse prior to attainment of age
25 55 that occurs before the effective date of this amendatory Act
26 of the 91st General Assembly shall disqualify him or her for

1 the receipt of a survivors annuity until July 6, 2000.

2 A surviving spouse whose survivors annuity has been
3 terminated due to remarriage may apply for reinstatement of
4 that annuity. The reinstated annuity shall begin to accrue on
5 July 6, 2000, except that if, on July 6, 2000, the annuity is
6 payable to an eligible surviving child or parent, payment of
7 the annuity to the surviving spouse shall not be reinstated
8 until the annuity is no longer payable to any eligible
9 surviving child or parent. The reinstated annuity shall include
10 any one-time or annual increases received prior to the date of
11 termination, as well as any increases that would otherwise have
12 accrued from the date of termination to the date of
13 reinstatement. An eligible surviving spouse whose expectation
14 of receiving a survivors annuity was lost due to remarriage
15 before attainment of age 50 shall also be entitled to
16 reinstatement under this subsection, but the resulting
17 survivors annuity shall not begin to accrue sooner than upon
18 the surviving spouse's attainment of age 50.

19 The changes made to this subsection by this amendatory Act
20 of the 92nd General Assembly (pertaining to remarriage prior to
21 age 55 or 50) apply without regard to whether the deceased
22 participant or annuitant was in service on or after the
23 effective date of this amendatory Act.

24 (c) Each dependent unmarried child under age 18 (under age
25 22 if a full-time student) of a deceased participant, or of a
26 deceased annuitant who did not take a refund or additional

1 annuity consisting of accumulated survivors insurance
2 contributions, shall receive a survivors annuity equal to the
3 sum of (1) 20% of the final rate of earnings, and (2) 10% of the
4 final rate of earnings divided by the number of children
5 entitled to this benefit. Payments shall begin on the day
6 following the participant's or annuitant's death and continue
7 until the child marries, dies, or attains age 18 (age 22 if a
8 full-time student). If the child is in the care of a surviving
9 spouse who is eligible for survivors insurance benefits, the
10 child's benefit shall be paid to the surviving spouse.

11 Each unmarried child over age 18 of a deceased participant
12 or of a deceased annuitant who had a survivor's insurance
13 beneficiary at the time of his or her retirement, and who was
14 dependent upon the participant or annuitant by reason of a
15 physical or mental disability which began prior to the date the
16 child attained age 18 (age 22 if a full-time student), shall
17 receive a survivor's annuity equal to the sum of (1) 20% of the
18 final rate of earnings, and (2) 10% of the final rate of
19 earnings divided by the number of children entitled to
20 survivors benefits. Payments shall begin on the day following
21 the participant's or annuitant's death and continue until the
22 child marries, dies, or is no longer disabled. If the child is
23 in the care of a surviving spouse who is eligible for survivors
24 insurance benefits, the child's benefit may be paid to the
25 surviving spouse. For the purposes of this Section, disability
26 means inability to engage in any substantial gainful activity

1 by reason of any medically determinable physical or mental
2 impairment that can be expected to result in death or that has
3 lasted or can be expected to last for a continuous period of at
4 least one year.

5 (d) Each dependent parent of a deceased participant, or of
6 a deceased annuitant who did not take a refund or additional
7 annuity consisting of accumulated survivors insurance
8 contributions, shall receive a survivors annuity equal to the
9 sum of (1) 20% of final rate of earnings, and (2) 10% of final
10 rate of earnings divided by the number of parents who qualify
11 for the benefit. Payments shall begin when the parent reaches
12 age 55 or the day following the participant's or annuitant's
13 death, whichever is later, and continue until the parent dies.
14 Remarriage of a parent prior to attainment of age 55 shall
15 disqualify the parent for the receipt of a survivors annuity.

16 (e) In addition to the survivors annuity provided above,
17 each survivors insurance beneficiary shall, upon death of the
18 participant or annuitant, receive a lump sum payment of \$1,000
19 divided by the number of such beneficiaries.

20 (f) The changes made in this Section by Public Act 81-712
21 pertaining to survivors annuities in cases of remarriage prior
22 to age 55 shall apply to each survivors insurance beneficiary
23 who remarries after June 30, 1979, regardless of the date that
24 the participant or annuitant terminated his employment or died.

25 The change made to this Section by this amendatory Act of
26 the 91st General Assembly, pertaining to remarriage prior to

1 age 55, applies without regard to whether the deceased
2 participant or annuitant was in service on or after the
3 effective date of this amendatory Act of the 91st General
4 Assembly.

5 (g) On January 1, 1981, any person who was receiving a
6 survivors annuity on or before January 1, 1971 shall have the
7 survivors annuity then being paid increased by 1% for each full
8 year which has elapsed from the date the annuity began. On
9 January 1, 1982, any survivor whose annuity began after January
10 1, 1971, but before January 1, 1981, shall have the survivor's
11 annuity then being paid increased by 1% for each year which has
12 elapsed from the date the survivor's annuity began. On January
13 1, 1987, any survivor who began receiving a survivor's annuity
14 on or before January 1, 1977, shall have the monthly survivor's
15 annuity increased by \$1 for each full year which has elapsed
16 since the date the survivor's annuity began.

17 (g-1) On July 1, 2009, every recipient of a survivor's
18 annuity whose original annuity began before January 1, 1980
19 shall have the monthly survivor's annuity increased by
20 whichever of the following percentages is applicable:

21 5% if the original annuity began in 1979;
22 10% if the original annuity began in 1978;
23 14% if the original annuity began in 1977;
24 14% if the original annuity began in 1976;
25 18% if the original annuity began in 1975;
26 23% if the original annuity began in 1974;

1 32% if the original annuity began in 1973 or before.

2 In the case of the survivor of a deceased annuitant who
3 died while receiving a retirement annuity, "original annuity"
4 means the deceased annuitant's retirement annuity; in all other
5 cases, "original annuity" means the survivor's annuity.

6 The increase under this subsection shall be calculated as a
7 percentage of the amount of the survivor's annuity payable on
8 June 30, 2009, including any increases previously received
9 under this Article, and shall be included in the calculation of
10 increases granted thereafter under subsection (j).

11 (h) If the sum of the lump sum and total monthly survivor
12 benefits payable under this Section upon the death of a
13 participant amounts to less than the sum of the death benefits
14 payable under items (2) and (3) of Section 15-141, the
15 difference shall be paid in a lump sum to the beneficiary of
16 the participant who is living on the date that this additional
17 amount becomes payable.

18 (i) If the sum of the lump sum and total monthly survivor
19 benefits payable under this Section upon the death of an
20 annuitant receiving a retirement annuity or disability
21 retirement annuity amounts to less than the death benefit
22 payable under Section 15-142, the difference shall be paid to
23 the beneficiary of the annuitant who is living on the date that
24 this additional amount becomes payable.

25 (j) Effective on the later of (1) January 1, 1990, or (2)
26 the January 1 on or next after the date on which the survivor

1 annuity begins, if the deceased member died while receiving a
2 retirement annuity, or in all other cases the January 1 nearest
3 the first anniversary of the date the survivor annuity payments
4 begin, every survivors insurance beneficiary shall receive an
5 increase in his or her monthly survivors annuity of 3%. On each
6 January 1 after the initial increase, the monthly survivors
7 annuity shall be increased by 3% of the total survivors annuity
8 provided under this Article, including previous increases
9 provided by this subsection. Such increases shall apply to the
10 survivors insurance beneficiaries of each participant and
11 annuitant, whether or not the employment status of the
12 participant or annuitant terminates before the effective date
13 of this amendatory Act of 1990. This subsection (j) also
14 applies to persons receiving a survivor annuity under the
15 portable benefit package.

16 (k) If the Internal Revenue Code of 1986, as amended,
17 requires that the survivors benefits be payable at an age
18 earlier than that specified in this Section the benefits shall
19 begin at the earlier age, in which event, the survivor's
20 beneficiary shall be entitled only to that amount which is
21 equal to the actuarial equivalent of the benefits provided by
22 this Section.

23 (l) The changes made to this Section and Section 15-131 by
24 this amendatory Act of 1997, relating to benefits for certain
25 unmarried children who are full-time students under age 22,
26 apply without regard to whether the deceased member was in

1 service on or after the effective date of this amendatory Act
2 of 1997. These changes do not authorize the repayment of a
3 refund or a re-election of benefits, and any benefit or
4 increase in benefits resulting from these changes is not
5 payable retroactively for any period before the effective date
6 of this amendatory Act of 1997.

7 (Source: P.A. 91-887, eff. 7-6-00; 92-749, eff. 8-2-02.)

8 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

9 Sec. 15-155. Employer contributions.

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

17 The Board shall determine the amount of State contributions
18 required for each fiscal year on the basis of the actuarial
19 tables and other assumptions adopted by the Board and the
20 recommendations of the actuary, using the formula in subsection
21 (a-1). The minimum contribution to the System to be made by the
22 State for each fiscal year shall be the sum of the amount
23 determined under subsection (a-1).

24 (a-1) For State fiscal years 2011 through 2045, the minimum
25 contribution to the System to be made by the State for each

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

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

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

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

20 For each of State fiscal years 2008 through 2010, the State
21 contribution to the System, as a percentage of the applicable
22 employee payroll, shall be increased in equal annual increments
23 from the required State contribution for State fiscal year
24 2007, so that by State fiscal year 2011, the State is
25 contributing at the rate otherwise required under this Section.

26 Beginning in State fiscal year 2046, the minimum State

1 contribution for each fiscal year shall be the amount needed to
2 maintain the total assets of the System at 90% of the total
3 actuarial liabilities of the System.

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

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

1 certified by the Comptroller, that is the same as the System's
2 portion of the total moneys distributed under subsection (d) of
3 Section 7.2 of the General Obligation Bond Act. In determining
4 this maximum for State fiscal years 2008 through 2010, however,
5 the 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 for the purposes of Section 7.2
11 of the General Obligation Bond Act, so that, by State fiscal
12 year 2011, the State is contributing at the rate otherwise
13 required under this Section.

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

1 are considered to be trust funds for the purpose of this
2 Article.

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

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

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

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

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

18 (g) If the amount of a participant's earnings for any
19 academic year used to determine the final rate of earnings,
20 determined on a full-time equivalent basis, exceeds the amount
21 of his or her earnings with the same employer for the previous
22 academic year, determined on a full-time equivalent basis, by
23 more than 6%, the participant's employer shall pay to the
24 System, in addition to all other payments required under this
25 Section and in accordance with guidelines established by the
26 System, the present value of the increase in benefits resulting

1 from the portion of the increase in earnings that is in excess
2 of 6%. This present value shall be computed by the System on
3 the basis of the actuarial assumptions and tables used in the
4 most recent actuarial valuation of the System that is available
5 at the time of the computation. The System may require the
6 employer to provide any pertinent information or
7 documentation.

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

23 The employer contributions required under this subsection
24 (f) may be paid in the form of a lump sum within 90 days after
25 receipt of the bill. If the employer contributions are not paid
26 within 90 days after receipt of the bill, then interest will be

1 charged at a rate equal to the System's annual actuarially
2 assumed rate of return on investment compounded annually from
3 the 91st day after receipt of the bill. Payments must be
4 concluded within 3 years after the employer's receipt of the
5 bill.

6 (h) This subsection (h) applies only to payments made or
7 salary increases given on or after June 1, 2005 but before July
8 1, 2011. The changes made by Public Act 94-1057 shall not
9 require the System to refund any payments received before July
10 31, 2006 (the effective date of Public Act 94-1057).

11 When assessing payment for any amount due under subsection
12 (g), the System shall exclude earnings increases paid to
13 participants under contracts or collective bargaining
14 agreements entered into, amended, or renewed before June 1,
15 2005.

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

20 When assessing payment for any amount due under subsection
21 (g), the System shall exclude earnings increases resulting from
22 overload work, including a contract for summer teaching, or
23 overtime when the employer has certified to the System, and the
24 System has approved the certification, that: (i) in the case of
25 overloads (A) the overload work is for the sole purpose of
26 academic instruction in excess of the standard number of

1 instruction hours for a full-time employee occurring during the
2 academic year that the overload is paid and (B) the earnings
3 increases are equal to or less than the rate of pay for
4 academic instruction computed using the participant's current
5 salary rate and work schedule; and (ii) in the case of
6 overtime, the overtime was necessary for the educational
7 mission.

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

22 (i) When assessing payment for any amount due under
23 subsection (g), the System shall exclude any salary increase
24 described in subsection (h) of this Section given on or after
25 July 1, 2011 but before July 1, 2014 under a contract or
26 collective bargaining agreement entered into, amended, or

1 renewed on or after June 1, 2005 but before July 1, 2011.
2 Notwithstanding any other provision of this Section, any
3 payments made or salary increases given after June 30, 2014
4 shall be used in assessing payment for any amount due under
5 subsection (g) of this Section.

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

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

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

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

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

21 (k) The Illinois Community College Board shall adopt rules
22 for recommending lists of promotional positions submitted to
23 the Board by community colleges and for reviewing the
24 promotional lists on an annual basis. When recommending
25 promotional lists, the Board shall consider the similarity of
26 the positions submitted to those positions recognized for State

1 universities by the State Universities Civil Service System.
2 The Illinois Community College Board shall file a copy of its
3 findings with the System. The System shall consider the
4 findings of the Illinois Community College Board when making
5 determinations under this Section. The System shall not exclude
6 any earnings increases resulting from a promotion when the
7 promotion was not submitted by a community college. Nothing in
8 this subsection (k) shall require any community college to
9 submit any information to the Community College Board.

10 (Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 94-1057,
11 eff. 7-31-06; 95-331, eff. 8-21-07; 95-950, eff. 8-29-08.)

12 (40 ILCS 5/15-198)

13 Sec. 15-198. Application and expiration of new benefit
14 increases.

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

25 (b) Notwithstanding any other provision of this Code or any

1 subsequent amendment to this Code, every new benefit increase
2 is subject to this Section and shall be deemed to be granted
3 only in conformance with and contingent upon compliance with
4 the provisions of this Section.

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

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

25 (d) Every new benefit increase shall expire 5 years after
26 its effective date or on such earlier date as may be specified

1 in the language enacting the new benefit increase or provided
2 under subsection (c). This does not prevent the General
3 Assembly from extending or re-creating a new benefit increase
4 by law.

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

15 (Source: P.A. 94-4, eff. 6-1-05.)

16 (40 ILCS 5/16-133) (from Ch. 108 1/2, par. 16-133)

17 Sec. 16-133. Retirement annuity; amount.

18 (a) The amount of the retirement annuity shall be (i) in
19 the case of a person who first became a teacher under this
20 Article before July 1, 2005, the larger of the amounts
21 determined under paragraphs (A) and (B) below, or (ii) in the
22 case of a person who first becomes a teacher under this Article
23 on or after July 1, 2005, the amount determined under the
24 applicable provisions of paragraph (B):

25 (A) An amount consisting of the sum of the following:

1 (1) An amount that can be provided on an
2 actuarially equivalent basis by the member's
3 accumulated contributions at the time of retirement;
4 and

5 (2) The sum of (i) the amount that can be provided
6 on an actuarially equivalent basis by the member's
7 accumulated contributions representing service prior
8 to July 1, 1947, and (ii) the amount that can be
9 provided on an actuarially equivalent basis by the
10 amount obtained by multiplying 1.4 times the member's
11 accumulated contributions covering service subsequent
12 to June 30, 1947; and

13 (3) If there is prior service, 2 times the amount
14 that would have been determined under subparagraph (2)
15 of paragraph (A) above on account of contributions
16 which would have been made during the period of prior
17 service creditable to the member had the System been in
18 operation and had the member made contributions at the
19 contribution rate in effect prior to July 1, 1947.

20 This paragraph (A) does not apply to a person who first
21 becomes a teacher under this Article on or after July 1,
22 2005.

23 (B) An amount consisting of the greater of the
24 following:

25 (1) For creditable service earned before July 1,
26 1998 that has not been augmented under Section

1 16-129.1: 1.67% of final average salary for each of the
2 first 10 years of creditable service, 1.90% of final
3 average salary for each year in excess of 10 but not
4 exceeding 20, 2.10% of final average salary for each
5 year in excess of 20 but not exceeding 30, and 2.30% of
6 final average salary for each year in excess of 30; and

7 For creditable service earned on or after July 1,
8 1998 by a member who has at least 24 years of
9 creditable service on July 1, 1998 and who does not
10 elect to augment service under Section 16-129.1: 2.2%
11 of final average salary for each year of creditable
12 service earned on or after July 1, 1998 but before the
13 member reaches a total of 30 years of creditable
14 service and 2.3% of final average salary for each year
15 of creditable service earned on or after July 1, 1998
16 and after the member reaches a total of 30 years of
17 creditable service; and

18 For all other creditable service: 2.2% of final
19 average salary for each year of creditable service; or

20 (2) 1.5% of final average salary for each year of
21 creditable service plus the sum \$7.50 for each of the
22 first 20 years of creditable service.

23 The amount of the retirement annuity determined under this
24 paragraph (B) shall be reduced by 1/2 of 1% for each month
25 that the member is less than age 60 at the time the
26 retirement annuity begins. However, this reduction shall

1 not apply (i) if the member has at least 35 years of
2 creditable service, or (ii) if the member retires on
3 account of disability under Section 16-149.2 of this
4 Article with at least 20 years of creditable service, or
5 (iii) if the member (1) has earned during the period
6 immediately preceding the last day of service at least one
7 year of contributing creditable service as an employee of a
8 department as defined in Section 14-103.04, (2) has earned
9 at least 5 years of contributing creditable service as an
10 employee of a department as defined in Section 14-103.04,
11 (3) retires on or after January 1, 2001, and (4) retires
12 having attained an age which, when added to the number of
13 years of his or her total creditable service, equals at
14 least 85. Portions of years shall be counted as decimal
15 equivalents.

16 (b) For purposes of this Section, final average salary
17 shall be the average salary for the highest 4 consecutive years
18 within the last 10 years of creditable service as determined
19 under rules of the board. The minimum final average salary
20 shall be considered to be \$2,400 per year.

21 In the determination of final average salary for members
22 other than elected officials and their appointees when such
23 appointees are allowed by statute, that part of a member's
24 salary for any year beginning after June 30, 1979 which exceeds
25 the member's annual full-time salary rate with the same
26 employer for the preceding year by more than 20% shall be

1 excluded. The exclusion shall not apply in any year in which
2 the member's creditable earnings are less than 50% of the
3 preceding year's mean salary for downstate teachers as
4 determined by the survey of school district salaries provided
5 in Section 2-3.103 of the School Code.

6 (c) In determining the amount of the retirement annuity
7 under paragraph (B) of this Section, a fractional year shall be
8 granted proportional credit.

9 (d) The retirement annuity determined under paragraph (B)
10 of this Section shall be available only to members who render
11 teaching service after July 1, 1947 for which member
12 contributions are required, and to annuitants who re-enter
13 under the provisions of Section 16-150.

14 (e) The maximum retirement annuity provided under
15 paragraph (B) of this Section shall be 75% of final average
16 salary.

17 (f) A member retiring after the effective date of this
18 amendatory Act of 1998 shall receive a pension equal to 75% of
19 final average salary if the member is qualified to receive a
20 retirement annuity equal to at least 74.6% of final average
21 salary under this Article or as proportional annuities under
22 Article 20 of this Code.

23 (g) On July 1, 2009, every annuitant who began receiving a
24 retirement annuity before January 1, 1980 shall have the
25 monthly retirement annuity increased by whichever of the
26 following percentages is applicable:

1 5% if the annuity began in 1979;
2 10% if the annuity began in 1978;
3 14% if the annuity began in 1977;
4 14% if the annuity began in 1976;
5 18% if the annuity began in 1975;
6 23% if the annuity began in 1974;
7 32% if the annuity began in 1973 or before.

8 The increase under this subsection shall be calculated as a
9 percentage of the amount of the retirement annuity payable on
10 June 30, 2009, including any increases previously received
11 under this Article, and shall be included in the calculation of
12 increases granted thereafter under Section 16-133.1.

13 (Source: P.A. 94-4, eff. 6-1-05.)

14 (40 ILCS 5/16-136.2) (from Ch. 108 1/2, par. 16-136.2)

15 Sec. 16-136.2. Minimum retirement annuity.

16 (a) Any annuitant receiving a retirement annuity under this
17 Article is entitled to such additional amount of retirement
18 annuity under this Section, if necessary, that is sufficient to
19 provide a minimum retirement annuity of \$10 per month for each
20 year of creditable service forming the basis of the retirement
21 annuity, up to \$300 per month for 30 or more years of
22 creditable service. Effective January 1, 1984, the minimum
23 retirement annuity under this Section is \$15 per month per year
24 of service up to \$450 per month. Beginning January 1, 1996, the
25 minimum retirement annuity payable under this Section shall be

1 \$25 per month for each year of creditable service, up to a
2 maximum of \$750 per month for 30 or more years of creditable
3 service, plus the amount of the increase received by the
4 annuitant under subsection (g) of Section 16-133, if any.

5 An annuitant entitled to an increase in retirement annuity
6 under this Section shall be entitled to such increase in
7 retirement annuity effective the later of (1) September 1
8 following attainment of age 60; (2) September 1 following the
9 first anniversary in retirement; or (3) the first of the month
10 following receipt of the required qualifying contribution from
11 the annuitant.

12 (b) An annuitant who qualifies for an additional amount of
13 retirement annuity under subsection (a) of this Section must
14 make a one-time payment of 1% of the monthly average salary for
15 each full year of the creditable service forming the basis of
16 the retirement annuity or, if the retirement annuity was not
17 computed using average salary, 1% of the original monthly
18 retirement annuity for each full year of service forming the
19 basis of the retirement annuity.

20 (c) The minimum retirement annuity provided under this
21 Section shall continue to be paid only to the extent that funds
22 are available in the minimum retirement annuity reserve
23 established under Section 16-186.3.

24 (d) The annual increase provided on and after September 1,
25 1977 under Section 16-136.1 and on and after January 1, 1978
26 under Section 16-133.1 shall be paid in addition to the minimum

1 retirement annuity. Where an initial increase is first payable
2 on or after September 1, 1977, only that portion of the
3 increase based on the period in retirement after August 31,
4 1976, under Section 16-136.1 and after December 31, 1976, under
5 Section 16-133.1 may be added to the minimum retirement
6 annuity.

7 (Source: P.A. 89-21, eff. 6-6-95; 89-25, eff. 6-21-95.)

8 (40 ILCS 5/16-136.5 new)

9 Sec. 16-136.5. Reduction of purchasing power; policy;
10 report; increase.

11 (a) The General Assembly finds and declares that:

12 (1) The purchasing power of a fixed annuity can be
13 eroded over time by the effects of inflation and increases
14 in the general cost of living.

15 (2) For a person whose income consists primarily of a
16 fixed annuity, the reduction in purchasing power resulting
17 from increases in the cost of living can become
18 catastrophic over time, transforming a once-comfortable
19 retirement into a time of poverty and need.

20 (3) The State of Illinois is concerned about the
21 effects that a significant reduction in purchasing power
22 can have on the quality of life of retired employees and
23 their survivors.

24 (4) The General Assembly has previously addressed this
25 concern by providing for automatic annual increases in

1 retirement and survivor's annuities under this Article.
2 Recognizing that these automatic annual increases, by
3 themselves, are not a complete answer in times of high
4 inflation, the General Assembly has also, from time to
5 time, provided specific one-time increases in annuities
6 for certain categories of annuitants.

7 (b) It is the public policy of this State and the intention
8 of the General Assembly to protect annuitants against
9 significant decreases in the purchasing power of the retirement
10 and survivor's annuities granted under this Article.

11 (c) The System shall regularly review the changes that have
12 occurred in the purchasing power of the retirement and
13 survivor's annuities being paid under this Article, and it
14 shall report to the General Assembly, the Governor, and the
15 Commission on Government Forecasting and Accountability
16 whenever it determines that the original purchasing power of
17 those annuities has been reduced by 20% or more for any
18 category or group of annuitants. The System may include in the
19 report its recommendations, if any, for legislative action to
20 address its findings.

21 (d) As used in this Section, the term "retirement and
22 survivor's annuities" means all retirement annuities and those
23 survivors insurance benefits payable in the form of an annuity.

24 (40 ILCS 5/16-143.1) (from Ch. 108 1/2, par. 16-143.1)

25 Sec. 16-143.1. Increase in survivor benefits.

1 (a) Beginning January 1, 1990, each survivor's benefit and
2 each reversionary annuity payable under Section 16-136 shall be
3 increased by 3% of the currently payable amount thereof (1) on
4 each January 1 occurring on or after the commencement of the
5 annuity if the deceased teacher died while receiving a
6 retirement or disability retirement annuity, or (2) in other
7 cases, on each January 1 occurring on or after the first
8 anniversary of the granting of the benefit, without regard to
9 whether the deceased teacher was in service on or after the
10 effective date of this amendatory Act of 1991, but such
11 increases shall not accrue for any period prior to January 1,
12 1990.

13 (b) On January 1, 1981, any beneficiary who was receiving a
14 survivor's monthly benefit on or before January 1, 1971, shall
15 have the benefit then being paid increased by 1% for each full
16 year elapsed from the date the survivor's benefit began. On
17 January 1, 1982, any beneficiary who began receiving a
18 survivor's monthly benefit after January 1, 1971, but before
19 January 1, 1981 shall have the benefit then being paid
20 increased by 1% for each year elapsed from the date the
21 survivor's benefit began.

22 On January 1, 1987, any beneficiary whose monthly
23 survivor's benefit began on or before January 1, 1977, shall
24 have the monthly survivor's benefit increased by \$1 for each
25 full year which has elapsed since the date the survivor's
26 benefit began.

1 (c) On July 1, 2009, every recipient of a survivor's
2 annuity whose original annuity began before January 1, 1980
3 shall have the monthly survivor's annuity increased by
4 whichever of the following percentages is applicable:

5 5% if the original annuity began in 1979;

6 10% if the original annuity began in 1978;

7 14% if the original annuity began in 1977;

8 14% if the original annuity began in 1976;

9 18% if the original annuity began in 1975;

10 23% if the original annuity began in 1974;

11 32% if the original annuity began in 1973 or before.

12 In the case of the survivor of a deceased annuitant who
13 died while receiving a retirement annuity, "original annuity"
14 means the deceased annuitant's retirement annuity; in all other
15 cases, "original annuity" means the survivor's annuity.

16 The increase under this subsection shall be calculated as a
17 percentage of the amount of the survivor's annuity payable on
18 June 30, 2009, including any increases previously received
19 under this Article, and shall be included in the calculation of
20 increases granted thereafter under subsection (a).

21 (Source: P.A. 86-273; 86-1488.)

22 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

25 (a) The State shall make contributions to the System by

1 means of appropriations from the Common School Fund and other
2 State funds of amounts which, together with other employer
3 contributions, employee contributions, investment income, and
4 other income, will be sufficient to meet the cost of
5 maintaining and administering the System on a 90% funded basis
6 in accordance with actuarial recommendations.

7 The Board shall determine the amount of State contributions
8 required for each fiscal year on the basis of the actuarial
9 tables and other assumptions adopted by the Board and the
10 recommendations of the actuary, using the formula in subsection
11 (b-3). The minimum contribution to the System to be made by the
12 State for each fiscal year shall be the sum of the amount
13 determined under subsection (b-3).

14 (a-1) Annually, on or before November 15, the Board shall
15 certify to the Governor the amount of the required State
16 contribution for the coming fiscal year. The certification
17 shall include a copy of the actuarial recommendations upon
18 which it is based.

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

25 On or before July 1, 2005, the Board shall recalculate and
26 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2006, taking
2 into account the changes in required State contributions made
3 by this amendatory Act of the 94th General Assembly.

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

7 (b-1) Beginning in State fiscal year 1996, on the 15th day
8 of each month, or as soon thereafter as may be practicable, the
9 Board shall submit vouchers for payment of State contributions
10 to the System, in a total monthly amount of one-twelfth of the
11 required annual State contribution certified under subsection
12 (a-1). From the effective date of this amendatory Act of the
13 93rd General Assembly through June 30, 2004, the Board shall
14 not submit vouchers for the remainder of fiscal year 2004 in
15 excess of the fiscal year 2004 certified contribution amount
16 determined under this Section after taking into consideration
17 the transfer to the System under subsection (a) of Section
18 6z-61 of the State Finance Act. These vouchers shall be paid by
19 the State Comptroller and Treasurer by warrants drawn on the
20 funds appropriated to the System for that fiscal year.

21 If in any month the amount remaining unexpended from all
22 other appropriations to the System for the applicable fiscal
23 year (including the appropriations to the System under Section
24 8.12 of the State Finance Act and Section 1 of the State
25 Pension Funds Continuing Appropriation Act) is less than the
26 amount lawfully vouchered under this subsection, the

1 difference shall be paid from the Common School Fund under the
2 continuing appropriation authority provided in Section 1.1 of
3 the State Pension Funds Continuing Appropriation Act.

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

7 (b-3) For State fiscal years 2011 through 2045, the minimum
8 contribution to the System to be made by the State for each
9 fiscal year shall be an amount determined by the System to be
10 sufficient to bring the total assets of the System up to 90% of
11 the total actuarial liabilities of the System by the end of
12 State fiscal year 2045. In making these determinations, the
13 required State contribution shall be calculated each year as a
14 level percentage of payroll over the years remaining to and
15 including fiscal year 2045 and shall be determined under the
16 projected unit credit actuarial cost method.

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

1 and subsection (a), and notwithstanding any contrary
2 certification made under subsection (a-1) before the effective
3 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
4 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
5 2003; and 13.56% in FY 2004.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2006 is
8 \$534,627,700.

9 Notwithstanding any other provision of this Article, the
10 total required State contribution for State fiscal year 2007 is
11 \$738,014,500.

12 For each of State fiscal years 2008 through 2010, the State
13 contribution to the System, as a percentage of the applicable
14 employee payroll, shall be increased in equal annual increments
15 from the required State contribution for State fiscal year
16 2007, so that by State fiscal year 2011, the State is
17 contributing at the rate otherwise required under this Section.

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

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

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

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

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

6 (c) Payment of the required State contributions and of all
7 pensions, retirement annuities, death benefits, refunds, and
8 other benefits granted under or assumed by this System, and all
9 expenses in connection with the administration and operation
10 thereof, are obligations of the State.

11 If members are paid from special trust or federal funds
12 which are administered by the employing unit, whether school
13 district or other unit, the employing unit shall pay to the
14 System from such funds the full accruing retirement costs based
15 upon that service, as determined by the System. Employer
16 contributions, based on salary paid to members from federal
17 funds, may be forwarded by the distributing agency of the State
18 of Illinois to the System prior to allocation, in an amount
19 determined in accordance with guidelines established by such
20 agency and the System.

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

1 System.

2 However, with respect to benefits granted under Section
3 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
4 of Section 16-106, the employer's contribution shall be 12%
5 (rather than 20%) of the member's highest annual salary rate
6 for each year of creditable service granted, and the employer
7 shall also pay the required employee contribution on behalf of
8 the teacher. For the purposes of Sections 16-133.4 and
9 16-133.5, a teacher as defined in paragraph (8) of Section
10 16-106 who is serving in that capacity while on leave of
11 absence from another employer under this Article shall not be
12 considered an employee of the employer from which the teacher
13 is on leave.

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

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

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

23 The school district or other employing unit may pay these
24 employer contributions out of any source of funding available
25 for that purpose and shall forward the contributions to the
26 System on the schedule established for the payment of member

1 contributions.

2 These employer contributions are intended to offset a
3 portion of the cost to the System of the increases in
4 retirement benefits resulting from this amendatory Act of 1998.

5 Each employer of teachers is entitled to a credit against
6 the contributions required under this subsection (e) with
7 respect to salaries paid to teachers for the period January 1,
8 2002 through June 30, 2003, equal to the amount paid by that
9 employer under subsection (a-5) of Section 6.6 of the State
10 Employees Group Insurance Act of 1971 with respect to salaries
11 paid to teachers for that period.

12 The additional 1% employee contribution required under
13 Section 16-152 by this amendatory Act of 1998 is the
14 responsibility of the teacher and not the teacher's employer,
15 unless the employer agrees, through collective bargaining or
16 otherwise, to make the contribution on behalf of the teacher.

17 If an employer is required by a contract in effect on May
18 1, 1998 between the employer and an employee organization to
19 pay, on behalf of all its full-time employees covered by this
20 Article, all mandatory employee contributions required under
21 this Article, then the employer shall be excused from paying
22 the employer contribution required under this subsection (e)
23 for the balance of the term of that contract. The employer and
24 the employee organization shall jointly certify to the System
25 the existence of the contractual requirement, in such form as
26 the System may prescribe. This exclusion shall cease upon the

1 termination, extension, or renewal of the contract at any time
2 after May 1, 1998.

3 (f) If the amount of a teacher's salary for any school year
4 used to determine final average salary exceeds the member's
5 annual full-time salary rate with the same employer for the
6 previous school year by more than 6%, the teacher's employer
7 shall pay to the System, in addition to all other payments
8 required under this Section and in accordance with guidelines
9 established by the System, the present value of the increase in
10 benefits resulting from the portion of the increase in salary
11 that is in excess of 6%. This present value shall be computed
12 by the System on the basis of the actuarial assumptions and
13 tables used in the most recent actuarial valuation of the
14 System that is available at the time of the computation. If a
15 teacher's salary for the 2005-2006 school year is used to
16 determine final average salary under this subsection (f), then
17 the changes made to this subsection (f) by Public Act 94-1057
18 shall apply in calculating whether the increase in his or her
19 salary is in excess of 6%. For the purposes of this Section,
20 change in employment under Section 10-21.12 of the School Code
21 on or after June 1, 2005 shall constitute a change in employer.
22 The System may require the employer to provide any pertinent
23 information or documentation. The changes made to this
24 subsection (f) by this amendatory Act of the 94th General
25 Assembly apply without regard to whether the teacher was in
26 service on or after its effective date.

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

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

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

1 1, 2011. The changes made by Public Act 94-1057 shall not
2 require the System to refund any payments received before July
3 31, 2006 (the effective date of Public Act 94-1057).

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

8 When assessing payment for any amount due under subsection
9 (f), the System shall exclude salary increases paid to a
10 teacher at a time when the teacher is 10 or more years from
11 retirement eligibility under Section 16-132 or 16-133.2.

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

22 When assessing payment for any amount due under subsection
23 (f), the System shall exclude a salary increase resulting from
24 a promotion (i) for which the employee is required to hold a
25 certificate or supervisory endorsement issued by the State
26 Teacher Certification Board that is a different certification

1 or supervisory endorsement than is required for the teacher's
2 previous position and (ii) to a position that has existed and
3 been filled by a member for no less than one complete academic
4 year and the salary increase from the promotion is an increase
5 that results in an amount no greater than the lesser of the
6 average salary paid for other similar positions in the district
7 requiring the same certification or the amount stipulated in
8 the collective bargaining agreement for a similar position
9 requiring the same certification.

10 When assessing payment for any amount due under subsection
11 (f), the System shall exclude any payment to the teacher from
12 the State of Illinois or the State Board of Education over
13 which the employer does not have discretion, notwithstanding
14 that the payment is included in the computation of final
15 average salary.

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

26 (i) The System shall prepare a report and file copies of

1 the report with the Governor and the General Assembly by
2 January 1, 2007 that contains all of the following information:

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

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

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

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

15 (Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 94-1057,
16 eff. 7-31-06; 94-1111, eff. 2-27-07; 95-331, eff. 8-21-07;
17 95-950, eff. 8-29-08.)

18 (40 ILCS 5/16-203)

19 Sec. 16-203. Application and expiration of new benefit
20 increases.

21 (a) As used in this Section, "new benefit increase" means
22 an increase in the amount of any benefit provided under this
23 Article, or an expansion of the conditions of eligibility for
24 any benefit under this Article, that results from an amendment
25 to this Code that takes effect after June 1, 2005 (the

1 effective date of Public Act 94-4). "New benefit increase",
2 however, does not include any benefit increase resulting from
3 the changes made to this Article by Public Act 95-910 or this
4 amendatory Act of the 96th ~~95th~~ General Assembly.

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

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

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

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

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

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

20 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

21 (40 ILCS 5/18-125) (from Ch. 108 1/2, par. 18-125)

22 Sec. 18-125. Retirement annuity amount.

23 (a) The annual retirement annuity for a participant who
24 terminated service as a judge prior to July 1, 1971 shall be
25 based on the law in effect at the time of termination of

1 service.

2 (b) Effective July 1, 1971, the retirement annuity for any
3 participant in service on or after such date shall be 3 1/2% of
4 final average salary, as defined in this Section, for each of
5 the first 10 years of service, and 5% of such final average
6 salary for each year of service on excess of 10.

7 For purposes of this Section, final average salary shall
8 be:

9 (1) the average salary for the last 4 years of credited
10 service as a judge for a participant who terminates service
11 before July 1, 1975.

12 (2) for a participant who terminates service after June
13 30, 1975 and before July 1, 1982, the salary on the last
14 day of employment as a judge.

15 (3) for any participant who terminates service after
16 June 30, 1982 and before January 1, 1990, the average
17 salary for the final year of service as a judge.

18 (4) for a participant who terminates service on or
19 after January 1, 1990 but before the effective date of this
20 amendatory Act of 1995, the salary on the last day of
21 employment as a judge.

22 (5) for a participant who terminates service on or
23 after the effective date of this amendatory Act of 1995,
24 the salary on the last day of employment as a judge, or the
25 highest salary received by the participant for employment
26 as a judge in a position held by the participant for at

1 least 4 consecutive years, whichever is greater.

2 However, in the case of a participant who elects to
3 discontinue contributions as provided in subdivision (a) (2) of
4 Section 18-133, the time of such election shall be considered
5 the last day of employment in the determination of final
6 average salary under this subsection.

7 The maximum retirement annuity for any participant shall be
8 85% of final average salary.

9 (c) The retirement annuity for a participant who retires
10 prior to age 60 with less than 28 years of service in the
11 System shall be reduced 1/2 of 1% for each month that the
12 participant's age is under 60 years at the time the annuity
13 commences. However, for a participant who retires on or after
14 the effective date of this amendatory Act of the 91st General
15 Assembly, the percentage reduction in retirement annuity
16 imposed under this subsection shall be reduced by 5/12 of 1%
17 for every month of service in this System in excess of 20
18 years, and therefore a participant with at least 26 years of
19 service in this System may retire at age 55 without any
20 reduction in annuity.

21 The reduction in retirement annuity imposed by this
22 subsection shall not apply in the case of retirement on account
23 of disability.

24 (d) On July 1, 2009, every annuitant who began receiving a
25 retirement annuity before January 1, 1980 shall have the
26 monthly retirement annuity increased by whichever of the

1 following percentages is applicable:

2 5% if the annuity began in 1979;

3 10% if the annuity began in 1978;

4 14% if the annuity began in 1977;

5 14% if the annuity began in 1976;

6 18% if the annuity began in 1975;

7 23% if the annuity began in 1974;

8 32% if the annuity began in 1973 or before.

9 The increase under this subsection shall be calculated as a
10 percentage of the amount of the retirement annuity payable on
11 June 30, 2009, including any increases previously received
12 under this Article, and shall be included in the calculation of
13 increases granted thereafter under Section 18-125.1.

14 (Source: P.A. 91-653, eff. 12-10-99.)

15 (40 ILCS 5/18-125.2 new)

16 Sec. 18-125.2. Reduction of purchasing power; policy;
17 report; increase.

18 (a) The General Assembly finds and declares that:

19 (1) The purchasing power of a fixed annuity can be
20 eroded over time by the effects of inflation and increases
21 in the general cost of living.

22 (2) For a person whose income consists primarily of a
23 fixed annuity, the reduction in purchasing power resulting
24 from increases in the cost of living can become
25 catastrophic over time, transforming a once-comfortable

1 retirement into a time of poverty and need.

2 (3) The State of Illinois is concerned about the
3 effects that a significant reduction in purchasing power
4 can have on the quality of life of retired employees and
5 their survivors.

6 (4) The General Assembly has previously addressed this
7 concern by providing for automatic annual increases in
8 retirement and survivor's annuities under this Article.
9 Recognizing that these automatic annual increases, by
10 themselves, are not a complete answer in times of high
11 inflation, the General Assembly has also, from time to
12 time, provided specific one-time increases in annuities
13 for certain categories of annuitants.

14 (b) It is the public policy of this State and the intention
15 of the General Assembly to protect annuitants against
16 significant decreases in the purchasing power of the retirement
17 and survivor's annuities granted under this Article.

18 (c) The System shall regularly review the changes that have
19 occurred in the purchasing power of the retirement and
20 survivor's annuities being paid under this Article, and it
21 shall report to the General Assembly, the Governor, and the
22 Commission on Government Forecasting and Accountability
23 whenever it determines that the original purchasing power of
24 those annuities has been reduced by 20% or more for any
25 category or group of annuitants. The System may include in the
26 report its recommendations, if any, for legislative action to

1 address its findings.

2 (d) As used in this Section, the term "retirement and
3 survivor's annuities" means all retirement annuities and those
4 survivors insurance benefits payable in the form of an annuity.

5 (40 ILCS 5/18-128.01) (from Ch. 108 1/2, par. 18-128.01)
6 Sec. 18-128.01. Amount of survivor's annuity.

7 (a) Upon the death of an annuitant, his or her surviving
8 spouse shall be entitled to a survivor's annuity of 66 2/3% of
9 the annuity the annuitant was receiving immediately prior to
10 his or her death, inclusive of annual increases in the
11 retirement annuity to the date of death.

12 (b) Upon the death of an active participant, his or her
13 surviving spouse shall receive a survivor's annuity of 66 2/3%
14 of the annuity earned by the participant as of the date of his
15 or her death, determined without regard to whether the
16 participant had attained age 60 as of that time, or 7 1/2% of
17 the last salary of the decedent, whichever is greater.

18 (c) Upon the death of a participant who had terminated
19 service with at least 10 years of service, his or her surviving
20 spouse shall be entitled to a survivor's annuity of 66 2/3% of
21 the annuity earned by the deceased participant at the date of
22 death.

23 (d) Upon the death of an annuitant, active participant, or
24 participant who had terminated service with at least 10 years
25 of service, each surviving child under the age of 18 or

1 disabled as defined in Section 18-128 shall be entitled to a
2 child's annuity in an amount equal to 5% of the decedent's
3 final salary, not to exceed in total for all such children the
4 greater of 20% of the decedent's last salary or 66 2/3% of the
5 annuity received or earned by the decedent as provided under
6 subsections (a) and (b) of this Section. This child's annuity
7 shall be paid whether or not a survivor's annuity was elected
8 under Section 18-123.

9 (e) The changes made in the survivor's annuity provisions
10 by Public Act 82-306 shall apply to the survivors of a deceased
11 participant or annuitant whose death occurs on or after August
12 21, 1981.

13 (f) Beginning January 1, 1990, every survivor's annuity
14 shall be increased (1) on each January 1 occurring on or after
15 the commencement of the annuity if the deceased member died
16 while receiving a retirement annuity, or (2) in other cases, on
17 each January 1 occurring on or after the first anniversary of
18 the commencement of the annuity, by an amount equal to 3% of
19 the current amount of the annuity, including any previous
20 increases under this Article. Such increases shall apply
21 without regard to whether the deceased member was in service on
22 or after the effective date of this amendatory Act of 1991, but
23 shall not accrue for any period prior to January 1, 1990.

24 (g) On July 1, 2009, every recipient of a survivor's
25 annuity whose original annuity began before January 1, 1980
26 shall have the monthly survivor's annuity increased by

1 whichever of the following percentages is applicable:

2 5% if the original annuity began in 1979;

3 10% if the original annuity began in 1978;

4 14% if the original annuity began in 1977;

5 14% if the original annuity began in 1976;

6 18% if the original annuity began in 1975;

7 23% if the original annuity began in 1974;

8 32% if the original annuity began in 1973 or before.

9 In the case of the survivor of a deceased annuitant who
10 died while receiving a retirement annuity, "original annuity"
11 means the deceased annuitant's retirement annuity; in all other
12 cases, "original annuity" means the survivor's annuity.

13 The increase under this subsection shall be calculated as a
14 percentage of the amount of the survivor's annuity payable on
15 June 30, 2009, including any increases previously received
16 under this Article, and shall be included in the calculation of
17 increases granted thereafter under subsection (f).

18 (Source: P.A. 86-273; 86-1488.)

19 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

21 (a) The State of Illinois shall make contributions to this
22 System by appropriations of the amounts which, together with
23 the contributions of participants, net earnings on
24 investments, and other income, will meet the costs of
25 maintaining and administering this System on a 90% funded basis

1 in accordance with actuarial recommendations.

2 (b) The Board shall determine the amount of State
3 contributions required for each fiscal year on the basis of the
4 actuarial tables and other assumptions adopted by the Board and
5 the prescribed rate of interest, using the formula in
6 subsection (c). The minimum contribution to the System to be
7 made by the State for each fiscal year shall be the sum of the
8 amount determined under subsection (c).

9 (c) For State fiscal years 2011 through 2045, the minimum
10 contribution to the System to be made by the State for each
11 fiscal year shall be an amount determined by the System to be
12 sufficient to bring the total assets of the System up to 90% of
13 the total actuarial liabilities of the System by the end of
14 State fiscal year 2045. In making these determinations, the
15 required State contribution shall be calculated each year as a
16 level percentage of payroll over the years remaining to and
17 including fiscal year 2045 and shall be determined under the
18 projected unit credit actuarial cost method.

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

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2006 is
26 \$29,189,400.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2007 is
3 \$35,236,800.

4 For each of State fiscal years 2008 through 2010, the State
5 contribution to the System, as a percentage of the applicable
6 employee payroll, shall be increased in equal annual increments
7 from the required State contribution for State fiscal year
8 2007, so that by State fiscal year 2011, the State is
9 contributing at the rate otherwise required under this Section.

10 Beginning in State fiscal year 2046, the minimum State
11 contribution for each fiscal year shall be the amount needed to
12 maintain the total assets of the System at 90% of the total
13 actuarial liabilities of the System.

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

26 Notwithstanding any other provision of this Section, the

1 required State contribution for State fiscal year 2005 and for
2 fiscal year 2008 and each fiscal year thereafter, as calculated
3 under this Section and certified under Section 18-140, shall
4 not exceed an amount equal to (i) the amount of the required
5 State contribution that would have been calculated under this
6 Section for that fiscal year if the System had not received any
7 payments under subsection (d) of Section 7.2 of the General
8 Obligation Bond Act, minus (ii) the portion of the State's
9 total debt service payments for that fiscal year on the bonds
10 issued for the purposes of that Section 7.2, as determined and
11 certified by the Comptroller, that is the same as the System's
12 portion of the total moneys distributed under subsection (d) of
13 Section 7.2 of the General Obligation Bond Act. In determining
14 this maximum for State fiscal years 2008 through 2010, however,
15 the amount referred to in item (i) shall be increased, as a
16 percentage of the applicable employee payroll, in equal
17 increments calculated from the sum of the required State
18 contribution for State fiscal year 2007 plus the applicable
19 portion of the State's total debt service payments for fiscal
20 year 2007 on the bonds issued for the purposes of Section 7.2
21 of the General Obligation Bond Act, so that, by State fiscal
22 year 2011, the State is contributing at the rate otherwise
23 required under this Section.

24 (Source: P.A. 94-4, eff. 6-1-05; 94-839, eff. 6-6-06; 95-950,
25 eff. 8-29-08.)

1 (40 ILCS 5/18-169)

2 Sec. 18-169. Application and expiration of new benefit
3 increases.

4 (a) As used in this Section, "new benefit increase" means
5 an increase in the amount of any benefit provided under this
6 Article, or an expansion of the conditions of eligibility for
7 any benefit under this Article, that results from an amendment
8 to this Code that takes effect after June 1, 2005 (the
9 effective date of Public Act 94-4) ~~this amendatory Act of the~~
10 ~~94th General Assembly~~. "New benefit increase", however, does
11 not include any benefit increase resulting from the changes
12 made to this Article by this amendatory Act of the 96th General
13 Assembly.

14 (b) Notwithstanding any other provision of this Code or any
15 subsequent amendment to this Code, every new benefit increase
16 is subject to this Section and shall be deemed to be granted
17 only in conformance with and contingent upon compliance with
18 the provisions of this Section.

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

23 Every new benefit increase is contingent upon the General
24 Assembly providing the additional funding required under this
25 subsection. The Commission on Government Forecasting and
26 Accountability shall analyze whether adequate additional

1 funding has been provided for the new benefit increase and
2 shall report its analysis to the Public Pension Division of the
3 Department of Financial and Professional Regulation. A new
4 benefit increase created by a Public Act that does not include
5 the additional funding required under this subsection is null
6 and void. If the Public Pension Division determines that the
7 additional funding provided for a new benefit increase under
8 this subsection is or has become inadequate, it may so certify
9 to the Governor and the State Comptroller and, in the absence
10 of corrective action by the General Assembly, the new benefit
11 increase shall expire at the end of the fiscal year in which
12 the certification is made.

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

19 (e) Except as otherwise provided in the language creating
20 the new benefit increase, a new benefit increase that expires
21 under this Section continues to apply to persons who applied
22 and qualified for the affected benefit while the new benefit
23 increase was in effect and to the affected beneficiaries and
24 alternate payees of such persons, but does not apply to any
25 other person, including without limitation a person who
26 continues in service after the expiration date and did not

1 apply and qualify for the affected benefit while the new
2 benefit increase was in effect.

3 (Source: P.A. 94-4, eff. 6-1-05.)

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

1

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Statutes amended in order of appearance

3 40 ILCS 5/2-119.01 from Ch. 108 1/2, par. 2-119.01
4 40 ILCS 5/2-119.2 new
5 40 ILCS 5/2-121.1 from Ch. 108 1/2, par. 2-121.1
6 40 ILCS 5/2-124 from Ch. 108 1/2, par. 2-124
7 40 ILCS 5/2-162
8 40 ILCS 5/14-108 from Ch. 108 1/2, par. 14-108
9 40 ILCS 5/14-109 from Ch. 108 1/2, par. 14-109
10 40 ILCS 5/14-109.1 new
11 40 ILCS 5/14-121 from Ch. 108 1/2, par. 14-121
12 40 ILCS 5/14-131 from Ch. 108 1/2, par. 14-131
13 40 ILCS 5/14-152.1
14 40 ILCS 5/15-136 from Ch. 108 1/2, par. 15-136
15 40 ILCS 5/15-136.3
16 40 ILCS 5/15-137.1 new
17 40 ILCS 5/15-145 from Ch. 108 1/2, par. 15-145
18 40 ILCS 5/15-155 from Ch. 108 1/2, par. 15-155
19 40 ILCS 5/15-198
20 40 ILCS 5/16-133 from Ch. 108 1/2, par. 16-133
21 40 ILCS 5/16-136.2 from Ch. 108 1/2, par. 16-136.2
22 40 ILCS 5/16-136.5 new
23 40 ILCS 5/16-143.1 from Ch. 108 1/2, par. 16-143.1
24 40 ILCS 5/16-158 from Ch. 108 1/2, par. 16-158
25 40 ILCS 5/16-203

- 1 40 ILCS 5/18-125 from Ch. 108 1/2, par. 18-125
- 2 40 ILCS 5/18-125.2 new
- 3 40 ILCS 5/18-128.01 from Ch. 108 1/2, par. 18-128.01
- 4 40 ILCS 5/18-131 from Ch. 108 1/2, par. 18-131
- 5 40 ILCS 5/18-169