



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB0105

Introduced 1/27/2011, by Sen. Chris Lauzen - Matt Murphy

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. Requires current participants in the State-funded pension and retirement systems to make a one-time, irrevocable election of one of the following: (i) the traditional benefit package under the applicable Article of the Pension Code, (ii) the existing benefit package for new hires, or (iii) a self-managed plan (if made available by the participant's employer). Authorizes persons who became or become participants on or after January 1, 2011 to irrevocably elect either: (i) the benefit package for new hires or (ii) the self-managed plan (if made available by the participant's employer). Sets forth the requirements for the self-managed plan and provides that if such a plan is available it is the default plan if a participant fails to make an election. In the Articles creating the State-funded pension and retirement systems, provides: (i) that, beginning in fiscal year 2013, the State's required contribution is the greater of 6% of the applicable employee payroll or one-half of the actuarially-determined normal cost of the benefit package for new hires and (ii) that the required employee contribution will be based on the benefit package elected by the participant. Amends the Illinois Public Labor Relations Act to provide that the changes made by the amendatory Act control when there is a conflict with the Illinois Public Labor Relations Act.

LRB097 05990 JDS 46061 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Public Labor Relations Act is
5 amended by changing Section 15 as follows:

6 (5 ILCS 315/15) (from Ch. 48, par. 1615)

7 Sec. 15. Act Takes Precedence.

8 (a) In case of any conflict between the provisions of this
9 Act and any other law (other than Section 5 of the State
10 Employees Group Insurance Act of 1971 and other than the
11 changes made to the Illinois Pension Code by Public Act 96-889
12 or by this amendatory Act of the 97th General Assembly ~~this~~
13 ~~amendatory Act of the 96th General Assembly~~), executive order
14 or administrative regulation relating to wages, hours and
15 conditions of employment and employment relations, the
16 provisions of this Act or any collective bargaining agreement
17 negotiated thereunder shall prevail and control. Nothing in
18 this Act shall be construed to replace or diminish the rights
19 of employees established by Sections 28 and 28a of the
20 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
21 of the Regional Transportation Authority Act. The provisions of
22 this Act are subject to Section 5 of the State Employees Group
23 Insurance Act of 1971. Nothing in this Act shall be construed

1 to replace the necessity of complaints against a sworn peace
2 officer, as defined in Section 2(a) of the Uniform Peace
3 Officer Disciplinary Act, from having a complaint supported by
4 a sworn affidavit.

5 (b) Except as provided in subsection (a) above, any
6 collective bargaining contract between a public employer and a
7 labor organization executed pursuant to this Act shall
8 supersede any contrary statutes, charters, ordinances, rules
9 or regulations relating to wages, hours and conditions of
10 employment and employment relations adopted by the public
11 employer or its agents. Any collective bargaining agreement
12 entered into prior to the effective date of this Act shall
13 remain in full force during its duration.

14 (c) It is the public policy of this State, pursuant to
15 paragraphs (h) and (i) of Section 6 of Article VII of the
16 Illinois Constitution, that the provisions of this Act are the
17 exclusive exercise by the State of powers and functions which
18 might otherwise be exercised by home rule units. Such powers
19 and functions may not be exercised concurrently, either
20 directly or indirectly, by any unit of local government,
21 including any home rule unit, except as otherwise authorized by
22 this Act.

23 (Source: P.A. 95-331, eff. 8-21-07; 96-889, eff. 1-1-11.)

24 Section 10. The Illinois Pension Code is amended by
25 changing Sections 2-124, 2-126, 14-131, 14-133, 15-155,

1 15-157, 16-152, 16-158, 18-131, and 18-133 and by adding
2 Sections 1-161, 1-162, and 1-163 as follows:

3 (40 ILCS 5/1-161 new)

4 Sec. 1-161. Benefits accruals on and after July 1, 2012.

5 (a) Each participant under a retirement system or pension
6 fund established under Article 2, 14, 15, 16, or 18 of this
7 Code, other than a person who first becomes an employee and a
8 participant on or after January 1, 2011, shall be given the
9 choice to elect which retirement program he or she wishes to
10 participate in with respect to all periods of covered
11 employment occurring on and after July 1, 2012. The retirement
12 program election made by the participant must be made no later
13 than January 1, 2012. The participant shall elect one of the
14 following retirement programs:

15 (1) the traditional benefit package provided by the
16 applicable retirement system or pension fund prior to
17 Public Act 96-889;

18 (2) the revised benefit package provided by the
19 applicable retirement system or pension fund to new
20 employees under Public Act 96-889; or

21 (3) the self-managed plan provided under Section
22 1-162, if the participant's employer has elected to adopt
23 such plan.

24 (b) A person who first becomes an employee and a
25 participant under a retirement system or pension fund

1 established under Article 2, 14, 15, 16, or 18 of this Code, on
2 or after January 1, 2011, shall be given the choice to elect
3 which retirement program he or she wishes to participate in
4 with respect to all periods of covered employment occurring on
5 and after July 1, 2012. The participant shall elect one of the
6 retirement programs provided in paragraph (2) or (3) of
7 subsection (a) of this Section. The retirement program election
8 made by the participant must be made no later than January 1,
9 2012 or within 30 days after the participant's first day of
10 covered employment, whichever is later.

11 (c) If a participant's employer elects to adopt the
12 self-managed plan provided under Section 1-162 after the
13 participant has already made his or her election under this
14 Section, the participant shall have the option to discontinue
15 his or her participation in the traditional benefit package or
16 revised benefit package, and commence participation in the
17 self-managed plan by making an election within 30 days after
18 the participant's employer adopts the self-managed plan.

19 (d) The participant election authorized by this Section is
20 a one-time, irrevocable election, unless a subsequent election
21 is permitted under subsection (c) of this Section. The election
22 shall be made in writing, in the manner prescribed by the
23 applicable retirement system or pension fund. Any participant
24 who fails to make the election shall, by default, participate
25 in the benefit program provided under paragraph (3) of
26 subsection (a) of this Section if the participant's employer

1 has elected to adopt such a plan. If the participant's employer
2 has not elected to adopt such a plan, then any participant who
3 fails to make this election shall, by default, participate in
4 the benefit program provided under paragraph (2) of subsection
5 (a) of this Section.

6 (e) If a participant with an accrued benefit under the
7 traditional benefit package provided by the applicable
8 retirement system or pension fund prior to Public Act 96-889
9 elects the revised benefit package provided under paragraph (2)
10 of subsection (a) of this Section, the participant's total
11 accrued benefit for purposes of determining an annuity shall be
12 the sum of (i) the participant's benefit accruals before July
13 1, 2012, based on the participant's pay and service through
14 June 30, 2012 and frozen with respect to pay and service after
15 that date and (ii) the participant's benefit accruals based on
16 pay and service on or after July 1, 2012, as modified by the
17 rules provided in Public Act 96-889.

18 (f) If a participant elects the self-managed plan provided
19 under paragraph (3) of subsection (a) of this Section, the
20 participant's total accrued benefit for purposes of
21 determining an annuity shall be the participant's benefit
22 accruals before July 1, 2012, based on the participant's pay
23 and service through June 30, 2012 and frozen with respect to
24 pay and service after that date. However, the participant shall
25 also have an accrued self-managed plan benefit as specified in
26 subsection (g) of Section 1-162, for periods of covered

1 employment on or after July 1, 2012.

2 (40 ILCS 5/1-162 new)

3 Sec. 1-162. Self-managed plan.

4 (a) Each retirement system established under Article 2, 14,
5 16, or 18 of this Code shall establish and administer a
6 self-managed plan, which shall offer participating employees
7 the opportunity to accumulate assets for retirement through a
8 combination of employee and employer contributions that may be
9 invested in mutual funds, collective investment funds, or other
10 investment products and used to purchase annuity contracts that
11 are fixed, variable, or a combination thereof. The plan must be
12 qualified under the Internal Revenue Code of 1986. The State
13 Universities Retirement System shall continue to administer
14 the self-managed plan provided under Section 15-158.2 of this
15 Code.

16 (b) Each employer subject to Article 2, 14, 16, or 18 of
17 this Code may elect to adopt the self-managed plan established
18 under this Section; this election is irrevocable. An employer's
19 election to adopt the self-managed plan makes available to the
20 eligible employees of that employer the election described in
21 paragraph (3) of subsection (a) of Section 1-161.

22 Each applicable retirement system shall be the plan sponsor
23 for the self-managed plan and shall prepare a plan document and
24 prescribe the rules and procedures that are necessary or
25 desirable for the administration of the self-managed plan.

1 Consistent with its fiduciary duty to the participants and
2 beneficiaries of the self-managed plan, the board of trustees
3 of each retirement system may delegate aspects of plan
4 administration as it sees fit to companies authorized to do
5 business in this State, to the employers, or to a combination
6 of both.

7 (c) An employee eligible to participate in the self-managed
8 plan must make a written election in accordance with the
9 provisions of Section 1-161 and the procedures established by
10 the retirement system. Participation in the self-managed plan
11 by an electing employee shall begin on the first day of the
12 first pay period following the later of (i) the date the
13 employee's election is filed with the retirement system or (ii)
14 the effective date upon which the employee's employer begins to
15 offer participation in the self-managed plan.

16 (d) Employees who are participating in the program must be
17 allowed to direct the transfer of their account balances among
18 the various investment options offered, subject to applicable
19 contractual provisions. The participant shall not be deemed a
20 fiduciary by reason of providing investment direction. A person
21 who is a fiduciary shall not be liable for any loss resulting
22 from the investment direction of the employee and shall not be
23 deemed to have breached any fiduciary duty by acting in
24 accordance with that direction. Neither the retirement system
25 nor any employer guarantees any of the investments in the
26 employee's account balances.

1 (e) The self-managed plan shall be funded by contributions
2 from employees participating in the self-managed plan and
3 employer contributions as provided in Articles 2, 14, 16, and
4 18 of this Code. Employees may make additional contributions to
5 the self-managed plan in accordance with the procedures
6 prescribed by each retirement system, to the extent permitted
7 under rules prescribed by the applicable retirement system.
8 Employee and employer contributions shall be paid into the
9 participant's self-managed plan accounts in a manner to be
10 prescribed by each system or fund.

11 (f) A participant in the self-managed plan becomes vested
12 in the employer contributions credited to his or her accounts
13 in the self-managed plan on the earliest to occur of the
14 following: (1) completion of 5 years of service with an
15 employer described in Article 2, 14, 16, or 18 of this Code or
16 (2) if the participant has completed at least 1 1/2 years of
17 service, the death of the participating employee while employed
18 by an employer described in Article 2, 14, 16, or 18 of this
19 Code.

20 (g) If an employee who is vested in employer contributions
21 terminates employment, the employee shall be entitled to a
22 benefit that is based on the account values attributable to
23 both employer and employee contributions and any investment
24 return on those contributions.

25 If an employee who is not vested in employer contributions
26 terminates employment, the employee shall be entitled to a

1 benefit based solely on the account values attributable to the
2 employee's contributions and any investment return on those
3 contributions, and the employer contributions and any
4 investment return on those contributions shall be forfeited.
5 Any employer contributions that are forfeited shall be held in
6 escrow by the company investing those contributions and shall
7 be used as directed by the System for future allocations of
8 employer contributions.

9 (40 ILCS 5/1-163 new)

10 Sec. 1-163. Minimum benefit provisions. Each employee
11 participating in a system established under Article 2, 14, 15,
12 16, or 18 of this Code shall receive a minimum benefit or
13 allocation determined as follows:

14 (1) If the employee is participating in the traditional
15 benefit package provided under paragraph (1) of subsection
16 (a) of Section 1-161 of this Code or the revised benefit
17 package provided under paragraph (2) of subsection (a) of
18 Section 1-161 of this Code, the employee shall receive a
19 minimum benefit (commencing on his or her Social Security
20 retirement age) that is equal to the annual primary
21 insurance amount the employee would have under Social
22 Security. For the purposes of this item (1), the primary
23 insurance amount an individual would have under Social
24 Security shall be calculated so that the system meets the
25 requirements necessary to be considered a "retirement

1 system" under Section 3121(b)(7)(F) of the Internal
2 Revenue Code and the regulations in effect thereunder.

3 (2) If the employee is participating in the
4 self-managed plan provided under paragraph (3) of
5 subsection (a) of Section 1-161 of this Code, the employee
6 shall receive a minimum allocation equal to 7.5% of the
7 employee's compensation for service during the period.
8 Contributions by the employer or the State shall be taken
9 into account for this purpose. For the purposes of this
10 paragraph (2), the minimum allocation shall be calculated
11 so that the system meets the requirements necessary to be
12 considered a "retirement system" under Section
13 3121(b)(7)(F) of the Internal Revenue Code and the
14 regulations in effect thereunder.

15 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

16 Sec. 2-124. Contributions by State.

17 (a) The State shall make contributions to the System by
18 appropriations of amounts which, together with the
19 contributions of participants, interest earned on investments,
20 and other income will meet the cost of maintaining and
21 administering the System on a 90% funded basis in accordance
22 with actuarial recommendations.

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

1 the prescribed rate of interest, using the formula in
2 subsection (c).

3 (c) For purposes of this Article:

4 (1) Notwithstanding any other provision of this
5 Section, the minimum required State contribution with
6 respect to benefit accruals occurring in years after fiscal
7 year 2012 shall be 6% of the applicable employee payroll or
8 one-half of the actuarially-determined normal cost of the
9 revised defined benefit package provided under paragraph
10 (2) of subsection (a) of Section 1-161 of this Code,
11 whichever is greater. This contribution amount shall apply
12 with respect to each participant in the System, regardless
13 of whether the participant has elected the traditional
14 benefit package provided under paragraph (1) of subsection
15 (a) Section 1-161 of this Code, the revised benefit package
16 provided under paragraph (2) of subsection (a) of Section
17 1-161 of this Code, or the self-managed plan provided under
18 paragraph (3) of subsection (a) Section 1-161 of this Code.

19 (2) In addition to the amounts contributed under
20 paragraph (1) of this subsection (c), for State fiscal
21 years 2013 through 2045, the State shall make an additional
22 contribution to the System of an amount that is actuarially
23 determined to be sufficient to fund, by the end of State
24 fiscal year 2045, the System's unfunded liability
25 attributable to service completed by the end of fiscal year
26 2012, calculated using fiscal year 2012 wage levels. In

1 calculating the contributions under this paragraph (2),
2 the required State contribution shall be calculated each
3 year as a level dollar amount over the years remaining to
4 and including fiscal year 2045.

5 (3) Subject to the provisions of paragraphs (1) and (2)
6 of this subsection (c):

7 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
10 be sufficient to bring the total assets of the System up to
11 90% of the total actuarial liabilities of the System by the
12 end of State fiscal year 2045. In making these
13 determinations, the required State contribution shall be
14 calculated each year as a level percentage of payroll over
15 the years remaining to and including fiscal year 2045 and
16 shall be determined under the projected unit credit
17 actuarial cost method.

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

24 Notwithstanding any other provision of this Article,
25 the total required State contribution for State fiscal year
26 2006 is \$4,157,000.

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

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

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

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

25 Amounts received by the System pursuant to Section 25
26 of the Budget Stabilization Act or Section 8.12 of the

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

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

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

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

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

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

1 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09.)

2 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

3 Sec. 2-126. Contributions by participants.

4 (a) Each participant shall contribute toward the cost of
5 his or her retirement annuity a percentage of each payment of
6 salary received by him or her for service as a member as
7 follows: for service between October 31, 1947 and January 1,
8 1959, 5%; for service between January 1, 1959 and June 30,
9 1969, 6%; for service between July 1, 1969 and January 10,
10 1973, 6 1/2%; for service after January 10, 1973, 7%; for
11 service after December 31, 1981, 8 1/2%.

12 (b) Beginning August 2, 1949, each male participant, and
13 from July 1, 1971, each female participant shall contribute
14 towards the cost of the survivor's annuity 2% of salary.

15 A participant who has no eligible survivor's annuity
16 beneficiary may elect to cease making contributions for
17 survivor's annuity under this subsection. A survivor's annuity
18 shall not be payable upon the death of a person who has made
19 this election, unless prior to that death the election has been
20 revoked and the amount of the contributions that would have
21 been paid under this subsection in the absence of the election
22 is paid to the System, together with interest at the rate of 4%
23 per year from the date the contributions would have been made
24 to the date of payment.

25 (c) Beginning July 1, 1967, each participant shall

1 contribute 1% of salary towards the cost of automatic increase
2 in annuity provided in Section 2-119.1. These contributions
3 shall be made concurrently with contributions for retirement
4 annuity purposes.

5 (d) In addition, each participant serving as an officer of
6 the General Assembly shall contribute, for the same purposes
7 and at the same rates as are required of a regular participant,
8 on each additional payment received as an officer. If the
9 participant serves as an officer for at least 2 but less than 4
10 years, he or she shall contribute an amount equal to the amount
11 that would have been contributed had the participant served as
12 an officer for 4 years. Persons who serve as officers in the
13 87th General Assembly but cannot receive the additional payment
14 to officers because of the ban on increases in salary during
15 their terms may nonetheless make contributions based on those
16 additional payments for the purpose of having the additional
17 payments included in their highest salary for annuity purposes;
18 however, persons electing to make these additional
19 contributions must also pay an amount representing the
20 corresponding employer contributions, as calculated by the
21 System.

22 (e) Notwithstanding any other provision of this Article,
23 the required contribution of a participant who first becomes a
24 participant on or after January 1, 2011 shall not exceed the
25 contribution that would be due under this Article if that
26 participant's highest salary for annuity purposes were

1 \$106,800, plus any increases in that amount under Section
2 2-108.1.

3 (f) Notwithstanding anything in this Section to the
4 contrary, effective July 1, 2012, all participants shall be
5 required to make the following contributions:

6 (1) Participants who elect the traditional benefit
7 package provided under paragraph (1) of subsection (a) of
8 Section 1-161 of this Code shall contribute a percentage of
9 salary equal to the sum of the following:

10 (A) 6% of salary or one-half of the
11 actuarially-determined normal cost of the revised
12 defined benefit package provided under paragraph (2)
13 of subsection (a) of Section 1-161 of this Code,
14 whichever is greater;

15 (B) an additional percentage of salary that is
16 actuarially determined to equal the difference between
17 the normal cost of the traditional plan and the normal
18 cost of the revised benefit package; and

19 (C) an additional percentage of salary that is
20 actuarially determined to be sufficient to amortize
21 the portion of the System's unfunded liability at the
22 end of fiscal year 2012 that is attributable to wage
23 increases occurring after the effective date of this
24 amendatory Act of the 97th General Assembly.

25 (2) Participants who elect the revised benefit package
26 provided under paragraph (2) of subsection (a) of Section

1 1-161 of this Code shall contribute 6% of salary or
2 one-half of the actuarially-determined normal cost of the
3 revised defined benefit package provided under paragraph
4 (2) of subsection (a) of Section 1-161 of this Code,
5 whichever is greater.

6 (3) Participants who elect the self-managed plan
7 provided under paragraph (3) of subsection (a) of Section
8 1-161 of this Code shall contribute 6% of salary or
9 one-half of the actuarially-determined normal cost of the
10 revised defined benefit package provided under paragraph
11 (2) of subsection (a) of Section 1-161 of this Code,
12 whichever is greater.

13 No prior contribution increases or other additional
14 contributions specified by this Section shall apply to any
15 participant for service on or after July 1, 2012.

16 (Source: P.A. 96-1490, eff. 1-1-11.)

17 (40 ILCS 5/14-131)

18 Sec. 14-131. Contributions by State.

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

1 For the purposes of this Section and Section 14-135.08,
2 references to State contributions refer only to employer
3 contributions and do not include employee contributions that
4 are picked up or otherwise paid by the State or a department on
5 behalf of the employee.

6 (b) The Board shall determine the total amount of State
7 contributions required for each fiscal year on the basis of the
8 actuarial tables and other assumptions adopted by the Board,
9 using the formula in subsection (e).

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

21 For the purposes of this Section and Section 14.1 of the
22 State Finance Act, the term "eligible employees" includes
23 employees who participate in the System, persons who may elect
24 to participate in the System but have not so elected, persons
25 who are serving a qualifying period that is required for
26 participation, and annuitants employed by a department as

1 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

16 (c-1) Notwithstanding subsection (c) of this Section, for
17 fiscal year 2010 only, contributions by the several departments
18 are not required to be made for General Revenue Funds payrolls
19 processed by the Comptroller. Payrolls paid by the several
20 departments from all other State funds must continue to be
21 processed pursuant to subsection (c) of this Section.

22 (c-2) For State fiscal year 2010 only, on or as soon as
23 possible after the 15th day of each month the Board shall
24 submit vouchers for payment of State contributions to the
25 System, in a total monthly amount of one-twelfth of the fiscal
26 year 2010 General Revenue Fund appropriation to the System.

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

15 (e) For purposes of this Article:

16 (1) Notwithstanding any other provision of this
17 Section, the minimum of the applicable required State
18 contribution with respect to benefit accruals occurring in
19 years after fiscal year 2012 shall be 6% employee payroll
20 or one-half of the actuarially-determined normal cost of
21 the revised defined benefit package provided under
22 paragraph (2) of subsection (a) of Section 1-161 of this
23 Code, whichever is greater. This contribution amount shall
24 apply with respect to each participant in the System,
25 regardless of whether the participant has elected the
26 traditional benefit package provided under paragraph (1)

1 of subsection (a) of Section 1-161 of this Code, the
2 revised benefit package provided under paragraph (2) of
3 subsection (a) of Section 1-161 of this Code, or the
4 self-managed plan provided under paragraph (3) of
5 subsection (a) of Section 1-161 of this Code.

6 (2) In addition to the amounts contributed under
7 paragraph (1) of this subsection (e), for State fiscal
8 years 2013 through 2045, the State shall make an additional
9 contribution to the System of an amount that is actuarially
10 determined to be sufficient to fund, by the end of State
11 fiscal year 2045, the System's unfunded liability
12 attributable to service completed by the end of fiscal year
13 2012, calculated using fiscal year 2012 wage levels. In
14 calculating the contributions under this paragraph (2),
15 the required State contribution shall be calculated each
16 year as a level dollar amount over the years remaining to
17 and including fiscal year 2045.

18 (3) Subject to the provisions of paragraphs (1) and (2)
19 of this subsection (e):

20 For State fiscal years 2011 through 2045, the minimum
21 contribution to the System to be made by the State for each
22 fiscal year shall be an amount determined by the System to
23 be sufficient to bring the total assets of the System up to
24 90% of the total actuarial liabilities of the System by the
25 end of State fiscal year 2045. In making these
26 determinations, the required State contribution shall be

1 calculated each year as a level percentage of payroll over
2 the years remaining to and including fiscal year 2045 and
3 shall be determined under the projected unit credit
4 actuarial cost method.

5 For State fiscal years 1996 through 2005, the State
6 contribution to the System, as a percentage of the
7 applicable employee payroll, shall be increased in equal
8 annual increments so that by State fiscal year 2011, the
9 State is contributing at the rate required under this
10 Section; except that (i) for State fiscal year 1998, for
11 all purposes of this Code and any other law of this State,
12 the certified percentage of the applicable employee
13 payroll shall be 5.052% for employees earning eligible
14 creditable service under Section 14-110 and 6.500% for all
15 other employees, notwithstanding any contrary
16 certification made under Section 14-135.08 before the
17 effective date of this amendatory Act of 1997, and (ii) in
18 the following specified State fiscal years, the State
19 contribution to the System shall not be less than the
20 following indicated percentages of the applicable employee
21 payroll, even if the indicated percentage will produce a
22 State contribution in excess of the amount otherwise
23 required under this subsection and subsection (a): 9.8% in
24 FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
25 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

26 Notwithstanding any other provision of this Article,

1 the total required State contribution to the System for
2 State fiscal year 2006 is \$203,783,900.

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

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

13 Notwithstanding any other provision of this Article,
14 the total required State General Revenue Fund contribution
15 for State fiscal year 2010 is \$723,703,100 and shall be
16 made from the proceeds of bonds sold in fiscal year 2010
17 pursuant to Section 7.2 of the General Obligation Bond Act,
18 less (i) the pro rata share of bond sale expenses
19 determined by the System's share of total bond proceeds,
20 (ii) any amounts received from the General Revenue Fund in
21 fiscal year 2010, and (iii) any reduction in bond proceeds
22 due to the issuance of discounted bonds, if applicable.

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

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

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

1 System's portion of the total moneys distributed under
2 subsection (d) of Section 7.2 of the General Obligation
3 Bond Act. In determining this maximum for State fiscal
4 years 2008 through 2010, however, the amount referred to in
5 item (i) shall be increased, as a percentage of the
6 applicable employee payroll, in equal increments
7 calculated from the sum of the required State contribution
8 for State fiscal year 2007 plus the applicable portion of
9 the State's total debt service payments for fiscal year
10 2007 on the bonds issued for the purposes of Section 7.2 of
11 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 (g) For purposes of determining the required State
13 contribution to the System, the value of the System's assets
14 shall be equal to the actuarial value of the System's assets,
15 which shall be calculated as follows:

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

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

1 (i) After the submission of all payments for eligible
2 employees from personal services line items paid from the
3 General Revenue Fund in fiscal year 2010 have been made, the
4 Comptroller shall provide to the System a certification of the
5 sum of all fiscal year 2010 expenditures for personal services
6 that would have been covered by payments to the System under
7 this Section if the provisions of this amendatory Act of the
8 96th General Assembly had not been enacted. Upon receipt of the
9 certification, the System shall determine the amount due to the
10 System based on the full rate certified by the Board under
11 Section 14-135.08 for fiscal year 2010 in order to meet the
12 State's obligation under this Section. The System shall compare
13 this amount due to the amount received by the System in fiscal
14 year 2010 through payments under this Section. If the amount
15 due is more than the amount received, the difference shall be
16 termed the "Fiscal Year 2010 Shortfall" for purposes of this
17 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
18 under Section 1.2 of the State Pension Funds Continuing
19 Appropriation Act. If the amount due is less than the amount
20 received, the difference shall be termed the "Fiscal Year 2010
21 Overpayment" for purposes of this Section, and the Fiscal Year
22 2010 Overpayment shall be repaid by the System to the General
23 Revenue Fund as soon as practicable after the certification.

24 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09; 96-45,
25 eff. 7-15-09; 96-1000, eff. 7-2-10.)

1 (40 ILCS 5/14-133) (from Ch. 108 1/2, par. 14-133)

2 Sec. 14-133. Contributions on behalf of members.

3 (a) Each participating employee shall make contributions
4 to the System, based on the employee's compensation, as
5 follows:

6 (1) Covered employees, except as indicated below, 3.5%
7 for retirement annuity, and 0.5% for a widow or survivors
8 annuity;

9 (2) Noncovered employees, except as indicated below,
10 7% for retirement annuity and 1% for a widow or survivors
11 annuity;

12 (3) Noncovered employees serving in a position in which
13 "eligible creditable service" as defined in Section 14-110
14 may be earned, 1% for a widow or survivors annuity plus the
15 following amount for retirement annuity: 8.5% through
16 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%
17 in 2004 and thereafter;

18 (4) Covered employees serving in a position in which
19 "eligible creditable service" as defined in Section 14-110
20 may be earned, 0.5% for a widow or survivors annuity plus
21 the following amount for retirement annuity: 5% through
22 December 31, 2001; 6% in 2002; 7% in 2003; and 8% in 2004
23 and thereafter;

24 (5) Each security employee of the Department of
25 Corrections or of the Department of Human Services who is a
26 covered employee, 0.5% for a widow or survivors annuity

1 plus the following amount for retirement annuity: 5%
2 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
3 in 2004 and thereafter;

4 (6) Each security employee of the Department of
5 Corrections or of the Department of Human Services who is
6 not a covered employee, 1% for a widow or survivors annuity
7 plus the following amount for retirement annuity: 8.5%
8 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
9 11.5% in 2004 and thereafter.

10 (7) Notwithstanding anything in this Section to the
11 contrary, effective July 1, 2012, all employees shall be
12 required to make the following contributions:

13 (A) Participants who elect the traditional benefit
14 package provided under paragraph (1) of subsection (a)
15 of Section 1-161 of this Code shall contribute a
16 percentage of salary equal to the sum of the following:

17 (i) 6% of salary or one-half of the
18 actuarially-determined normal cost of the revised
19 defined benefit package provided under paragraph
20 (2) of subsection (a) of Section 1-161 of this
21 Code, whichever is greater;

22 (ii) an additional percentage of salary that
23 is actuarially determined to equal the difference
24 between the normal cost of the traditional plan and
25 the normal cost of the revised benefit package; and

26 (iii) an additional percentage of salary that

1 is actuarially determined as sufficient to
2 amortize the portion of the System's unfunded
3 liability at the end of fiscal year 2012 that is
4 attributable to wage increases occurring after the
5 effective date of this amendatory Act of the 97th
6 General Assembly.

7 (B) Participants who elect the revised benefit
8 package provided under paragraph (2) of subsection (a)
9 of Section 1-161 of this Code shall contribute 6% of
10 compensation or one-half of the actuarially-determined
11 normal cost of the revised defined benefit package
12 provided under paragraph (2) of subsection (a) of
13 Section 1-161 of this Code, whichever is greater.

14 (C) Participants who elect the self-managed plan
15 provided under paragraph (3) of subsection (a) of
16 Section 1-161 of this Code shall contribute 6% of
17 compensation or one-half of the actuarially-determined
18 normal cost of the revised defined benefit package
19 provided under paragraph (2) of subsection (a) of
20 Section 1-161 of this Code, whichever is greater.

21 No prior contribution increases or other additional
22 contributions specified by this Section shall apply to any
23 employee for service on or after July 1, 2012.

24 (b) Contributions shall be in the form of a deduction from
25 compensation and shall be made notwithstanding that the
26 compensation paid in cash to the employee shall be reduced

1 thereby below the minimum prescribed by law or regulation. Each
2 member is deemed to consent and agree to the deductions from
3 compensation provided for in this Article, and shall receipt in
4 full for salary or compensation.

5 (Source: P.A. 92-14, eff. 6-28-01.)

6 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

7 Sec. 15-155. Employer contributions.

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

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

20 (a-1) For purposes of this Article:

21 (1) Notwithstanding any other provision of this
22 Section, the minimum required State contribution with
23 respect to benefit accruals occurring in years after fiscal
24 year 2012 shall be 6% of the applicable employee payroll or
25 one-half of the actuarially-determined normal cost of the

1 revised defined benefit package provided under paragraph
2 (2) of subsection (a) of Section 1-161 of this Code,
3 whichever is greater. This contribution amount shall apply
4 with respect to each participant in the system, regardless
5 of whether the participant has elected the traditional
6 benefit package provided under paragraph (1) of subsection
7 (a) of Section 1-161 of this Code, the revised benefit
8 package provided under paragraph (2) of subsection (a) of
9 Section 1-161 of this Code, or the self-managed plan
10 provided under paragraph (3) of subsection (a) of Section
11 1-161 of this Code.

12 (2) In addition to the amounts contributed under
13 paragraph (1), for State fiscal years 2013 through 2045,
14 the State shall make an additional contribution to the
15 System of an amount that is actuarially determined to be
16 sufficient to fund, by the end of State fiscal year 2045,
17 the System's unfunded liability attributable to service
18 completed by the end of fiscal year 2012, calculated using
19 fiscal year 2012 wage levels. In calculating the
20 contributions under this paragraph (2), the required State
21 contribution shall be calculated each year as a level
22 dollar amount over the years remaining to and including
23 fiscal year 2045.

24 (3) Subject to the provisions of paragraph (1) and (2)
25 of this subsection (a-1):

26 For State fiscal years 2011 through 2045, the minimum

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

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

17 Notwithstanding any other provision of this Article,
18 the total required State contribution for State fiscal year
19 2006 is \$166,641,900.

20 Notwithstanding any other provision of this Article,
21 the total required State contribution for State fiscal year
22 2007 is \$252,064,100.

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

1 State fiscal year 2007, so that by State fiscal year 2011,
2 the State is contributing at the rate otherwise required
3 under this Section.

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

14 Beginning in State fiscal year 2046, the minimum State
15 contribution for each fiscal year shall be the amount
16 needed to maintain the total assets of the System at 90% of
17 the total actuarial liabilities of the System.

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

1 reference in this Article to the "required State
2 contribution" or any substantially similar term does not
3 include or apply to any amounts payable to the System under
4 Section 25 of the Budget Stabilization Act.

5 Notwithstanding any other provision of this Section,
6 the required State contribution for State fiscal year 2005
7 and for fiscal year 2008 and each fiscal year thereafter,
8 as calculated under this Section and certified under
9 Section 15-165, shall not exceed an amount equal to (i) the
10 amount of the required State contribution that would have
11 been calculated under this Section for that fiscal year if
12 the System had not received any payments under subsection
13 (d) of Section 7.2 of the General Obligation Bond Act,
14 minus (ii) the portion of the State's total debt service
15 payments for that fiscal year on the bonds issued for the
16 purposes of that Section 7.2, as determined and certified
17 by the Comptroller, that is the same as the System's
18 portion of the total moneys distributed under subsection
19 (d) of Section 7.2 of the General Obligation Bond Act. In
20 determining this maximum for State fiscal years 2008
21 through 2010, however, the amount referred to in item (i)
22 shall be increased, as a percentage of the applicable
23 employee payroll, in equal increments calculated from the
24 sum of the required State contribution for State fiscal
25 year 2007 plus the applicable portion of the State's total
26 debt service payments for fiscal year 2007 on the bonds

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

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

20 (b-1) The City of Urbana and the City of Champaign shall
21 each make employer contributions to this System for their
22 respective firefighter employees who participate in this
23 System pursuant to subsection (h) of Section 15-107. The rate
24 of contributions to be made by those municipalities shall be
25 determined annually by the Board on the basis of the actuarial
26 assumptions adopted by the Board and the recommendations of the

1 actuary, and shall be expressed as a percentage of salary for
2 each such employee. The Board shall certify the rate to the
3 affected municipalities as soon as may be practical. The
4 employer contributions required under this subsection shall be
5 remitted by the municipality to the System at the same time and
6 in the same manner as employee contributions.

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

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

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

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

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

25 Whenever it determines that a payment is or may be required
26 under this subsection (g), the System shall calculate the

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

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

23 (h) This subsection (h) applies only to payments made or
24 salary increases given on or after June 1, 2005 but before July
25 1, 2011. The changes made by Public Act 94-1057 shall not
26 require the System to refund any payments received before July

1 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

25 When assessing payment for any amount due under subsection
26 (g), the System shall exclude any earnings increase resulting

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

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

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

26 (1) The number of recalculations required by the

1 changes made to this Section by Public Act 94-1057 for each
2 employer.

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

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

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

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

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

5 As of June 30, 2008, the actuarial value of the System's
6 assets shall be equal to the market value of the assets as of
7 that date. In determining the actuarial value of the System's
8 assets for fiscal years after June 30, 2008, any actuarial
9 gains or losses from investment return incurred in a fiscal
10 year shall be recognized in equal annual amounts over the
11 5-year period following that fiscal year.

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

16 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
17 96-43, eff. 7-15-09.)

18 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

19 Sec. 15-157. Employee Contributions.

20 (a) Each participating employee shall make contributions
21 towards the retirement benefits payable under the retirement
22 program applicable to the employee from each payment of
23 earnings applicable to employment under this system on and
24 after the date of becoming a participant as follows: Prior to
25 September 1, 1949, 3 1/2% of earnings; from September 1, 1949

1 to August 31, 1955, 5%; from September 1, 1955 to August 31,
2 1969, 6%; from September 1, 1969, 6 1/2%. These contributions
3 are to be considered as normal contributions for purposes of
4 this Article.

5 Each participant who is a police officer or firefighter
6 shall make normal contributions of 8% of each payment of
7 earnings applicable to employment as a police officer or
8 firefighter under this system on or after September 1, 1981,
9 unless he or she files with the board within 60 days after the
10 effective date of this amendatory Act of 1991 or 60 days after
11 the board receives notice that he or she is employed as a
12 police officer or firefighter, whichever is later, a written
13 notice waiving the retirement formula provided by Rule 4 of
14 Section 15-136. This waiver shall be irrevocable. If a
15 participant had met the conditions set forth in Section
16 15-132.1 prior to the effective date of this amendatory Act of
17 1991 but failed to make the additional normal contributions
18 required by this paragraph, he or she may elect to pay the
19 additional contributions plus compound interest at the
20 effective rate. If such payment is received by the board, the
21 service shall be considered as police officer service in
22 calculating the retirement annuity under Rule 4 of Section
23 15-136. While performing service described in clause (i) or
24 (ii) of Rule 4 of Section 15-136, a participating employee
25 shall be deemed to be employed as a firefighter for the purpose
26 of determining the rate of employee contributions under this

1 Section.

2 (b) Starting September 1, 1969, each participating
3 employee shall make additional contributions of 1/2 of 1% of
4 earnings to finance a portion of the cost of the annual
5 increases in retirement annuity provided under Section 15-136,
6 except that with respect to participants in the self-managed
7 plan this additional contribution shall be used to finance the
8 benefits obtained under that retirement program.

9 (c) In addition to the amounts described in subsections (a)
10 and (b) of this Section, each participating employee shall make
11 contributions of 1% of earnings applicable under this system on
12 and after August 1, 1959. The contributions made under this
13 subsection (c) shall be considered as survivor's insurance
14 contributions for purposes of this Article if the employee is
15 covered under the traditional benefit package, and such
16 contributions shall be considered as additional contributions
17 for purposes of this Article if the employee is participating
18 in the self-managed plan or has elected to participate in the
19 portable benefit package and has completed the applicable
20 one-year waiting period. Contributions in excess of \$80 during
21 any fiscal year beginning before August 31, 1969 and in excess
22 of \$120 during any fiscal year thereafter until September 1,
23 1971 shall be considered as additional contributions for
24 purposes of this Article.

25 (d) If the board by board rule so permits and subject to
26 such conditions and limitations as may be specified in its

1 rules, a participant may make other additional contributions of
2 such percentage of earnings or amounts as the participant shall
3 elect in a written notice thereof received by the board.

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

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

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

22 (h) Notwithstanding anything in this Section to the
23 contrary, effective July 1, 2012, all participating employees
24 shall be required to make the following contributions:

25 (1) Participants who elect the traditional benefit
26 package provided under paragraph (1) of subsection (a) of

1 Section 1-161 of this Code shall contribute a percentage of
2 salary equal to the sum of the following:

3 (A) 6% of salary or one-half of the
4 actuarially-determined normal cost of the revised
5 defined benefit package provided under paragraph (2)
6 of subsection (a) of Section 1-161 of this Code,
7 whichever is greater;

8 (B) an additional percentage of salary that is
9 actuarially determined to equal the difference between
10 the normal cost of the traditional plan and the normal
11 cost of the revised benefit package; and

12 (C) an additional percentage of salary that is
13 actuarially determined as sufficient to amortize the
14 portion of the System's unfunded liability at the end
15 of fiscal year 2012 that is attributable to wage
16 increases occurring after the effective date of this
17 amendatory Act of the 97th General Assembly.

18 (2) Participating employees who elect the revised
19 benefit package provided under paragraph (2) of subsection
20 (a) of Section 1-161 of this Code shall contribute 6% of
21 earnings or one-half of the actuarially-determined normal
22 cost of the revised defined benefit package provided under
23 paragraph (2) of subsection (a) of Section 1-161 of this
24 Code, whichever is greater.

25 (3) Participating employees who elect the self-managed
26 plan provided under paragraph (3) of subsection (a) of

1 Section 1-161 of this Code shall contribute 6% of earnings
2 or one-half of the actuarially-determined normal cost of
3 the revised defined benefit package provided under
4 paragraph (2) of subsection (a) of Section 1-161 of this
5 Code, whichever is greater.

6 No prior contribution increases or other additional
7 contributions specified by this Section shall apply to any
8 participating employee for service on or after July 1, 2012.

9 (Source: P.A. 90-32, eff. 6-27-97; 90-65, eff. 7-7-97; 90-448,
10 eff. 8-16-97; 90-511, eff. 8-22-97; 90-576, eff. 3-31-98;
11 90-655, eff. 7-30-98; 90-766, eff. 8-14-98.)

12 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

13 Sec. 16-152. Contributions by members.

14 (a) Each member shall make contributions for membership
15 service to this System as follows:

16 (1) Effective July 1, 1998, contributions of 7.50% of
17 salary towards the cost of the retirement annuity. Such
18 contributions shall be deemed "normal contributions".

19 (2) Effective July 1, 1969, contributions of 1/2 of 1%
20 of salary toward the cost of the automatic annual increase
21 in retirement annuity provided under Section 16-133.1.

22 (3) Effective July 24, 1959, contributions of 1% of
23 salary towards the cost of survivor benefits. Such
24 contributions shall not be credited to the individual
25 account of the member and shall not be subject to refund

1 except as provided under Section 16-143.2.

2 (4) Effective July 1, 2005, contributions of 0.40% of
3 salary toward the cost of the early retirement without
4 discount option provided under Section 16-133.2. This
5 contribution shall cease upon termination of the early
6 retirement without discount option as provided in Section
7 16-176.

8 (5) Notwithstanding anything in this Section to the
9 contrary, effective July 1, 2012, all members shall be
10 required to make the following contributions:

11 (A) Participants who elect the traditional benefit
12 package provided under paragraph (1) of subsection (a)
13 of Section 1-161 of this Code shall contribute a
14 percentage of salary equal to the sum of the following:

15 (1) 6% of salary or one-half of the
16 actuarially-determined normal cost of the revised
17 defined benefit package provided under paragraph
18 (2) of subsection (a) of Section 1-161 of this
19 Code, whichever is greater;

20 (2) an additional percentage of salary that is
21 actuarially determined to equal the difference
22 between the normal cost of the traditional plan and
23 the normal cost of the revised benefit package; and

24 (3) an additional percentage of salary that is
25 actuarially determined as sufficient to amortize
26 the portion of the System's unfunded liability at

1 the end of fiscal year 2012 that is attributable to
2 wage increases occurring after the effective date
3 of this amendatory Act of the 97th General
4 Assembly.

5 (B) Members who elect the revised benefit package
6 provided under paragraph (2) of subsection (a) of
7 Section 1-161 of this Code shall contribute 6% of
8 salary or one-half of the actuarially-determined
9 normal cost of the revised defined benefit package
10 provided under paragraph (2) of subsection (a) of
11 Section 1-161 of this Code, whichever is greater.

12 (C) Members who elect the self-managed plan
13 provided under paragraph (3) of subsection (a) of
14 Section 1-161 of this Code shall contribute 6% of
15 salary or one-half of the actuarially-determined
16 normal cost of the revised defined benefit package
17 provided under paragraph (2) of subsection (a) of
18 Section 1-161 of this Code, whichever is greater.

19 No prior contribution increases or other additional
20 contributions specified by this Section shall apply to any
21 member for service on or after July 1, 2012.

22 (b) The minimum required contribution for any year of
23 full-time teaching service shall be \$192.

24 (c) Contributions shall not be required of any annuitant
25 receiving a retirement annuity who is given employment as
26 permitted under Section 16-118 or 16-150.1.

1 (d) A person who (i) was a member before July 1, 1998, (ii)
2 retires with more than 34 years of creditable service, and
3 (iii) does not elect to qualify for the augmented rate under
4 Section 16-129.1 shall be entitled, at the time of retirement,
5 to receive a partial refund of contributions made under this
6 Section for service occurring after the later of June 30, 1998
7 or attainment of 34 years of creditable service, in an amount
8 equal to 1.00% of the salary upon which those contributions
9 were based.

10 (e) A member's contributions toward the cost of early
11 retirement without discount made under item (a)(4) of this
12 Section shall not be refunded if the member has elected early
13 retirement without discount under Section 16-133.2 and has
14 begun to receive a retirement annuity under this Article
15 calculated in accordance with that election. Otherwise, a
16 member's contributions toward the cost of early retirement
17 without discount made under item (a)(4) of this Section shall
18 be refunded according to whichever one of the following
19 circumstances occurs first:

20 (1) The contributions shall be refunded to the member,
21 without interest, within 120 days after the member's
22 retirement annuity commences, if the member does not elect
23 early retirement without discount under Section 16-133.2.

24 (2) The contributions shall be included, without
25 interest, in any refund claimed by the member under Section
26 16-151.

1 (3) The contributions shall be refunded to the member's
2 designated beneficiary (or if there is no beneficiary, to
3 the member's estate), without interest, if the member dies
4 without having begun to receive a retirement annuity under
5 this Article.

6 (4) The contributions shall be refunded to the member,
7 without interest, within 120 days after the early
8 retirement without discount option provided under Section
9 16-133.2 is terminated under Section 16-176.

10 (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

11 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)
12 Sec. 16-158. Contributions by State and other employing
13 units.

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

21 The Board shall determine the amount of State contributions
22 required for each fiscal year on the basis of the actuarial
23 tables and other assumptions adopted by the Board and the
24 recommendations of the actuary, using the formula in subsection
25 (b-3).

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

6 On or before May 1, 2004, the Board shall recalculate and
7 recertify to the Governor the amount of the required State
8 contribution to the System for State fiscal year 2005, taking
9 into account the amounts appropriated to and received by the
10 System under subsection (d) of Section 7.2 of the General
11 Obligation Bond Act.

12 On or before July 1, 2005, the Board shall recalculate and
13 recertify to the Governor the amount of the required State
14 contribution to the System for State fiscal year 2006, taking
15 into account the changes in required State contributions made
16 by this amendatory Act of the 94th General Assembly.

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

20 (b-1) Beginning in State fiscal year 1996, on the 15th day
21 of each month, or as soon thereafter as may be practicable, the
22 Board shall submit vouchers for payment of State contributions
23 to the System, in a total monthly amount of one-twelfth of the
24 required annual State contribution certified under subsection
25 (a-1). From the effective date of this amendatory Act of the
26 93rd General Assembly through June 30, 2004, the Board shall

1 not submit vouchers for the remainder of fiscal year 2004 in
2 excess of the fiscal year 2004 certified contribution amount
3 determined under this Section after taking into consideration
4 the transfer to the System under subsection (a) of Section
5 6z-61 of the State Finance Act. These vouchers shall be paid by
6 the State Comptroller and Treasurer by warrants drawn on the
7 funds appropriated to the System for that fiscal year.

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

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

20 (b-3) For purposes of this Article:

21 (1) Notwithstanding any other provision of this
22 Section, the minimum required State contribution with
23 respect to benefit accruals occurring in years after fiscal
24 year 2012 shall be 6% of the applicable employee payroll or
25 one-half of the actuarially-determined normal cost of the
26 revised defined benefit package provided under paragraph

1 (2) of subsection (a) of Section 1-161 of this Code,
2 whichever is greater. This contribution amount shall apply
3 with respect to each participant in the System, regardless
4 of whether the participant has elected the traditional
5 benefit package provided under paragraph (1) of subsection
6 (a) of Section 1-161 of this Code, the revised benefit
7 package provided under paragraph (2) of subsection (a) of
8 Section 1-161 of this Code, or the self-managed plan
9 provided under paragraph (3) of subsection (a) of Section
10 1-161 of this Code.

11 (2) In addition to the amounts contributed under
12 paragraph (1), for State fiscal years 2013 through 2045,
13 the State shall make an additional contribution to the
14 System of an amount that is actuarially determined to be
15 sufficient to fund, by the end of State fiscal year 2045,
16 the System's unfunded liability attributable to service
17 completed by the end of fiscal year 2012, calculated using
18 fiscal year 2012 wage levels. In calculating the
19 contributions under this paragraph (2), the required State
20 contribution shall be calculated each year as a level
21 dollar amount over the years remaining to and including
22 fiscal year 2045.

23 (3) Subject to the provisions of paragraphs (1) and (2)
24 of this subsection (b-3):

25 For State fiscal years 2011 through 2045, the minimum
26 contribution to the System to be made by the State for each

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

10 For State fiscal years 1996 through 2005, the State
11 contribution to the System, as a percentage of the
12 applicable employee payroll, shall be increased in equal
13 annual increments so that by State fiscal year 2011, the
14 State is contributing at the rate required under this
15 Section; except that in the following specified State
16 fiscal years, the State contribution to the System shall
17 not be less than the following indicated percentages of the
18 applicable employee payroll, even if the indicated
19 percentage will produce a State contribution in excess of
20 the amount otherwise required under this subsection and
21 subsection (a), and notwithstanding any contrary
22 certification made under subsection (a-1) before the
23 effective date of this amendatory Act of 1998: 10.02% in FY
24 1999; 10.77% in FY 2000; 11.47% in FY 2001; 12.16% in FY
25 2002; 12.86% in FY 2003; and 13.56% in FY 2004.

26 Notwithstanding any other provision of this Article,

1 the total required State contribution for State fiscal year
2 2006 is \$534,627,700.

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

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

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

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

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

14 Notwithstanding any other provision of this Section,
15 the required State contribution for State fiscal year 2005
16 and for fiscal year 2008 and each fiscal year thereafter,
17 as calculated under this Section and certified under
18 subsection (a-1), shall not exceed an amount equal to (i)
19 the amount of the required State contribution that would
20 have been calculated under this Section for that fiscal
21 year if the System had not received any payments under
22 subsection (d) of Section 7.2 of the General Obligation
23 Bond Act, minus (ii) the portion of the State's total debt
24 service payments for that fiscal year on the bonds issued
25 for the purposes of that Section 7.2, as determined and
26 certified by the Comptroller, that is the same as the

1 System's portion of the total moneys distributed under
2 subsection (d) of Section 7.2 of the General Obligation
3 Bond Act. In determining this maximum for State fiscal
4 years 2008 through 2010, however, the amount referred to in
5 item (i) shall be increased, as a percentage of the
6 applicable employee payroll, in equal increments
7 calculated from the sum of the required State contribution
8 for State fiscal year 2007 plus the applicable portion of
9 the State's total debt service payments for fiscal year
10 2007 on the bonds issued for the purposes of Section 7.2 of
11 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 (c) Payment of the required State contributions and of all
15 pensions, retirement annuities, death benefits, refunds, and
16 other benefits granted under or assumed by this System, and all
17 expenses in connection with the administration and operation
18 thereof, are obligations of the State.

19 If members are paid from special trust or federal funds
20 which are administered by the employing unit, whether school
21 district or other unit, the employing unit shall pay to the
22 System from such funds the full accruing retirement costs based
23 upon that service, as determined by the System. Employer
24 contributions, based on salary paid to members from federal
25 funds, may be forwarded by the distributing agency of the State
26 of Illinois to the System prior to allocation, in an amount

1 determined in accordance with guidelines established by such
2 agency and the System.

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

10 However, with respect to benefits granted under Section
11 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
12 of Section 16-106, the employer's contribution shall be 12%
13 (rather than 20%) of the member's highest annual salary rate
14 for each year of creditable service granted, and the employer
15 shall also pay the required employee contribution on behalf of
16 the teacher. For the purposes of Sections 16-133.4 and
17 16-133.5, a teacher as defined in paragraph (8) of Section
18 16-106 who is serving in that capacity while on leave of
19 absence from another employer under this Article shall not be
20 considered an employee of the employer from which the teacher
21 is on leave.

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

25 (1) Beginning July 1, 1998 through June 30, 1999, the
26 employer contribution shall be equal to 0.3% of each

1 teacher's salary.

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

5 The school district or other employing unit may pay these
6 employer contributions out of any source of funding available
7 for that purpose and shall forward the contributions to the
8 System on the schedule established for the payment of member
9 contributions.

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

13 Each employer of teachers is entitled to a credit against
14 the contributions required under this subsection (e) with
15 respect to salaries paid to teachers for the period January 1,
16 2002 through June 30, 2003, equal to the amount paid by that
17 employer under subsection (a-5) of Section 6.6 of the State
18 Employees Group Insurance Act of 1971 with respect to salaries
19 paid to teachers for that period.

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

25 If an employer is required by a contract in effect on May
26 1, 1998 between the employer and an employee organization to

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

11 (f) If the amount of a teacher's salary for any school year
12 used to determine final average salary exceeds the member's
13 annual full-time salary rate with the same employer for the
14 previous school year by more than 6%, the teacher's employer
15 shall pay to the System, in addition to all other payments
16 required under this Section and in accordance with guidelines
17 established by the System, the present value of the increase in
18 benefits resulting from the portion of the increase in salary
19 that is in excess of 6%. This present value shall be computed
20 by the System on the basis of the actuarial assumptions and
21 tables used in the most recent actuarial valuation of the
22 System that is available at the time of the computation. If a
23 teacher's salary for the 2005-2006 school year is used to
24 determine final average salary under this subsection (f), then
25 the changes made to this subsection (f) by Public Act 94-1057
26 shall apply in calculating whether the increase in his or her

1 salary is in excess of 6%. For the purposes of this Section,
2 change in employment under Section 10-21.12 of the School Code
3 on or after June 1, 2005 shall constitute a change in employer.
4 The System may require the employer to provide any pertinent
5 information or documentation. The changes made to this
6 subsection (f) by this amendatory Act of the 94th General
7 Assembly apply without regard to whether the teacher was in
8 service on or after its effective date.

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

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

1 within 90 days after receipt of the bill, then interest will be
2 charged at a rate equal to the System's annual actuarially
3 assumed rate of return on investment compounded annually from
4 the 91st day after receipt of the bill. Payments must be
5 concluded within 3 years after the employer's receipt of the
6 bill.

7 (g) This subsection (g) applies only to payments made or
8 salary increases given on or after June 1, 2005 but before July
9 1, 2011. The changes made by Public Act 94-1057 shall not
10 require the System to refund any payments received before July
11 31, 2006 (the effective date of Public Act 94-1057).

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

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

20 When assessing payment for any amount due under subsection
21 (f), the System shall exclude salary increases resulting from
22 overload work, including summer school, when the school
23 district has certified to the System, and the System has
24 approved the certification, that (i) the overload work is for
25 the sole purpose of classroom instruction in excess of the
26 standard number of classes for a full-time teacher in a school

1 district during a school year and (ii) the salary increases are
2 equal to or less than the rate of pay for classroom instruction
3 computed on the teacher's current salary and work schedule.

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

18 When assessing payment for any amount due under subsection
19 (f), the System shall exclude any payment to the teacher from
20 the State of Illinois or the State Board of Education over
21 which the employer does not have discretion, notwithstanding
22 that the payment is included in the computation of final
23 average salary.

24 (h) When assessing payment for any amount due under
25 subsection (f), the System shall exclude any salary increase
26 described in subsection (g) of this Section given on or after

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

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

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

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

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

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

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

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

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

12 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
13 96-43, eff. 7-15-09.)

14 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

16 (a) The State of Illinois shall make contributions to this
17 System by appropriations of the amounts which, together with
18 the contributions of participants, net earnings on
19 investments, and other income, will meet the costs of
20 maintaining and administering this System on a 90% funded basis
21 in accordance with actuarial recommendations.

22 (b) The Board shall determine the amount of State
23 contributions required for each fiscal year on the basis of the
24 actuarial tables and other assumptions adopted by the Board and
25 the prescribed rate of interest, using the formula in

1 subsection (c).

2 (c) For purposes of this Article:

3 (1) Notwithstanding any other provision of this
4 Section, the minimum required State contribution with
5 respect to benefit accruals occurring in years after fiscal
6 year 2012 shall be 6% of the applicable employee payroll or
7 one-half of the actuarially-determined normal cost of the
8 revised defined benefit package provided under paragraph
9 (2) of subsection (a) of Section 1-161 of this Code,
10 whichever is greater. This contribution amount shall apply
11 with respect to each participant in the system, regardless
12 of whether the participant has elected the traditional
13 benefit package provided under paragraph (1) of subsection
14 (a) of Section 1-161 of this Code, the revised benefit
15 package provided under paragraph (2) of subsection (a) of
16 Section 1-161 of this Code, or the self-managed plan
17 provided under paragraph (3) of subsection (a) of Section
18 1-161 of this Code.

19 (2) In addition to the amounts contributed under
20 paragraph (1), for State fiscal years 2013 through 2045,
21 the State shall make an additional contribution to the
22 System of an amount that is actuarially determined to be
23 sufficient to fund, by the end of State fiscal year 2045,
24 the System's unfunded liability attributable to service
25 completed by the end of fiscal year 2012, calculated using
26 fiscal year 2012 wage levels. In calculating the

1 contributions under this paragraph (2), the required State
2 contribution shall be calculated each year as a level
3 dollar amount over the years remaining to and including
4 fiscal year 2045.

5 (3) Subject to the provisions of paragraphs (1) and (2)
6 of this subsection (c):

7 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
10 be sufficient to bring the total assets of the System up to
11 90% of the total actuarial liabilities of the System by the
12 end of State fiscal year 2045. In making these
13 determinations, the required State contribution shall be
14 calculated each year as a level percentage of payroll over
15 the years remaining to and including fiscal year 2045 and
16 shall be determined under the projected unit credit
17 actuarial cost method.

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

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

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

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

11 Notwithstanding any other provision of this Article,
12 the total required State contribution for State fiscal year
13 2010 is \$78,832,000 and shall be made from the proceeds of
14 bonds sold in fiscal year 2010 pursuant to Section 7.2 of
15 the General Obligation Bond Act, less (i) the pro rata
16 share of bond sale expenses determined by the System's
17 share of total bond proceeds, (ii) any amounts received
18 from the General Revenue Fund in fiscal year 2010, and
19 (iii) any reduction in bond proceeds due to the issuance of
20 discounted bonds, if applicable.

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

25 Amounts received by the System pursuant to Section 25
26 of the Budget Stabilization Act or Section 8.12 of the

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

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

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

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

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

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

1 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09.)

2 (40 ILCS 5/18-133) (from Ch. 108 1/2, par. 18-133)

3 Sec. 18-133. Financing; employee contributions.

4 (a) Effective July 1, 1967, each participant is required to
5 contribute 7 1/2% of each payment of salary toward the
6 retirement annuity. Such contributions shall continue during
7 the entire time the participant is in service, with the
8 following exceptions:

9 (1) Contributions for the retirement annuity are not
10 required on salary received after 18 years of service by
11 persons who were participants before January 2, 1954.

12 (2) A participant who continues to serve as a judge
13 after becoming eligible to receive the maximum rate of
14 annuity may elect, through a written direction filed with
15 the Board, to discontinue contributing to the System. Any
16 such option elected by a judge shall be irrevocable unless
17 prior to January 1, 2000, and while continuing to serve as
18 judge, the judge (A) files with the Board a letter
19 cancelling the direction to discontinue contributing to
20 the System and requesting that such contributing resume,
21 and (B) pays into the System an amount equal to the total
22 of the discontinued contributions plus interest thereon at
23 5% per annum. Service credits earned in any other
24 "participating system" as defined in Article 20 of this
25 Code shall be considered for purposes of determining a

1 judge's eligibility to discontinue contributions under
2 this subdivision (a)(2).

3 (3) A participant who (i) has attained age 60, (ii)
4 continues to serve as a judge after becoming eligible to
5 receive the maximum rate of annuity, and (iii) has not
6 elected to discontinue contributing to the System under
7 subdivision (a)(2) of this Section (or has revoked any such
8 election) may elect, through a written direction filed with
9 the Board, to make contributions to the System based only
10 on the amount of the increases in salary received by the
11 judge on or after the date of the election, rather than the
12 total salary received. If a judge who is making
13 contributions to the System on the effective date of this
14 amendatory Act of the 91st General Assembly makes an
15 election to limit contributions under this subdivision
16 (a)(3) within 90 days after that effective date, the
17 election shall be deemed to become effective on that
18 effective date and the judge shall be entitled to receive a
19 refund of any excess contributions paid to the System
20 during that 90-day period; any other election under this
21 subdivision (a)(3) becomes effective on the first of the
22 month following the date of the election. An election to
23 limit contributions under this subdivision (a)(3) is
24 irrevocable. Service credits earned in any other
25 participating system as defined in Article 20 of this Code
26 shall be considered for purposes of determining a judge's

1 eligibility to make an election under this subdivision
2 (a) (3).

3 (b) Beginning July 1, 1969, each participant is required to
4 contribute 1% of each payment of salary towards the automatic
5 increase in annuity provided in Section 18-125.1. However, such
6 contributions need not be made by any participant who has
7 elected prior to September 15, 1969, not to be subject to the
8 automatic increase in annuity provisions.

9 (c) Effective July 13, 1953, each married participant
10 subject to the survivor's annuity provisions is required to
11 contribute 2 1/2% of each payment of salary, whether or not he
12 or she is required to make any other contributions under this
13 Section. Such contributions shall be made concurrently with the
14 contributions made for annuity purposes.

15 (d) Notwithstanding any other provision of this Article,
16 the required contributions for a participant who first becomes
17 a participant on or after January 1, 2011 shall not exceed the
18 contributions that would be due under this Article if that
19 participant's highest salary for annuity purposes were
20 \$106,800, plus any increase in that amount under Section
21 18-125.

22 (e) Notwithstanding anything in this Section to the
23 contrary, effective July 1, 2012, all participants shall be
24 required to make the following contributions:

25 (1) Participants who elect the traditional benefit
26 package provided under paragraph (1) of subsection (a) of

1 Section 1-161 of this Code shall contribute a percentage of
2 salary equal to the sum of the following:

3 (A) 6% of salary or one-half of the
4 actuarially-determined normal cost of the revised
5 defined benefit package provided under paragraph (2)
6 of subsection (a) of Section 1-161 of this Code,
7 whichever is greater;

8 (B) an additional percentage of salary that is
9 actuarially determined to equal the difference between
10 the normal cost of the traditional plan and the normal
11 cost of the revised benefit package; and

12 (C) an additional percent of salary that is
13 actuarially determined as sufficient to amortize the
14 portion of the System's unfunded liability at the end
15 of fiscal year 2012 that is attributable to wage
16 increases occurring after the effective date of this
17 amendatory Act of the 97th General Assembly.

18 (2) Participants who elect the revised benefit package
19 provided under paragraph (2) of subsection (a) of Section
20 1-161 of this Code shall contribute 6% of salary or
21 one-half of the actuarially-determined normal cost of the
22 revised defined benefit package provided under paragraph
23 (2) of subsection (a) of Section 1-161 of this Code,
24 whichever is greater.

25 (3) Participants who elect the self-managed plan
26 provided under paragraph (3) of subsection (a) of Section

1 1-161 of this Code shall contribute 6% of salary or
2 one-half of the actuarially-determined normal cost of the
3 revised defined benefit package provided under paragraph
4 (2) of subsection (a) of Section 1-161 of this Code,
5 whichever is greater.

6 No prior contribution increases or other additional
7 contributions specified by this Section shall apply to any
8 participant for service on or after July 1, 2012.

9 (Source: P.A. 96-1490, eff. 1-1-11.)

1 INDEX
2 Statutes amended in order of appearance

3	5 ILCS 315/15	from Ch. 48, par. 1615
4	40 ILCS 5/1-161 new	
5	40 ILCS 5/1-162 new	
6	40 ILCS 5/1-163 new	
7	40 ILCS 5/2-124	from Ch. 108 1/2, par. 2-124
8	40 ILCS 5/2-126	from Ch. 108 1/2, par. 2-126
9	40 ILCS 5/14-131	
10	40 ILCS 5/14-133	from Ch. 108 1/2, par. 14-133
11	40 ILCS 5/15-155	from Ch. 108 1/2, par. 15-155
12	40 ILCS 5/15-157	from Ch. 108 1/2, par. 15-157
13	40 ILCS 5/16-152	from Ch. 108 1/2, par. 16-152
14	40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
15	40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131
16	40 ILCS 5/18-133	from Ch. 108 1/2, par. 18-133