



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB3662

by Rep. Mike Fortner

SYNOPSIS AS INTRODUCED:

See Index

Amends the Budget Stabilization Act. Makes changes concerning transfers from the General Revenue Fund to the Pension Stabilization Fund. Amends the General Assembly, State Employees, State Universities, Downstate Teachers, and Judges Articles of the Illinois Pension Code. Requires each State-funded retirement system that does not already have a self-managed plan to establish and maintain one. Authorizes participants to irrevocably elect to participate in such a plan. Provides that, for the purpose of calculating traditional benefit package benefits and contributions, the annual salary of a participant may not, except under certain circumstances, exceed certain limits. Requires participation in the self-managed plan to the extent that a participant's salary exceeds the salary cap. Revises the schedule of contributions for participants. Shifts a portion of the employer contributions for downstate teachers and university employees from the State to the actual employer. Authorizes the boards of trustees of each of these retirement systems to triennially recalculate the normal cost of benefit plans that they offer. Defines "traditional benefit package" and "self-managed plan". Changes the formula for calculating the minimum required State contribution to these systems. Provides that the State is contractually obligated to pay the annual required State contribution to these retirement systems. Contains provisions requiring these retirement systems to bring a mandamus action to compel payment of the required State contribution. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB099 08437 EFG 28591 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Budget Stabilization Act is amended by
5 changing Sections 20 and 25 as follows:

6 (30 ILCS 122/20)

7 Sec. 20. Pension Stabilization Fund.

8 (a) The Pension Stabilization Fund is hereby created as a
9 special fund in the State treasury. Moneys in the fund shall be
10 used for the sole purpose of making payments to the designated
11 retirement systems as provided in Section 25.

12 (b) For each fiscal year through State fiscal year 2014,
13 when the General Assembly's appropriations and transfers or
14 diversions as required by law from general funds do not exceed
15 99% of the estimated general funds revenues pursuant to
16 subsection (a) of Section 10, the Comptroller shall transfer
17 from the General Revenue Fund as provided by this Section a
18 total amount equal to 0.5% of the estimated general funds
19 revenues to the Pension Stabilization Fund.

20 (c) For each fiscal year through State fiscal year 2015
21 ~~2014~~, when the General Assembly's appropriations and transfers
22 or diversions as required by law from general funds do not
23 exceed 98% of the estimated general funds revenues pursuant to

1 subsection (b) of Section 10, the Comptroller shall transfer
2 from the General Revenue Fund as provided by this Section a
3 total amount equal to 1.0% of the estimated general funds
4 revenues to the Pension Stabilization Fund.

5 (c-5) In Fiscal Year 2016, the State Comptroller shall
6 order transferred and the State Treasurer shall transfer
7 \$4,100,000,000 from the General Revenue Fund to the Pension
8 Stabilization Fund. In each fiscal year thereafter, the State
9 Comptroller shall order transferred and the State Treasurer
10 shall transfer from the General Revenue Fund to the Pension
11 Stabilization Fund the amount transferred under this
12 subsection (c-5) in the previous fiscal year increased by
13 2.25%.

14 (c-10) In addition, in Fiscal Year 2018 and each fiscal
15 year thereafter, the State Comptroller shall order transferred
16 and the State Treasurer shall transfer \$693,500,000 from the
17 General Revenue Fund to the Pension Stabilization Fund.

18 (c-15) In addition, in Fiscal Year 2022 and each fiscal
19 year thereafter, the State Comptroller shall order transferred
20 and the State Treasurer shall transfer \$900,000,000 from the
21 General Revenue Fund to the Pension Stabilization Fund.

22 (c-20) In addition, in Fiscal Year 2036 and each fiscal
23 year thereafter, the State Comptroller shall order transferred
24 and the State Treasurer shall transfer \$1,100,000,000 from the
25 General Revenue Fund to the Pension Stabilization Fund.

26 (c-25) The transfers made pursuant to subsections (c-5)

1 through (c-20) of this Section shall continue until Fiscal Year
2 2047 or until each of the designated retirement systems, as
3 defined in Section 25, has achieved a funding ratio of at least
4 100%, whichever occurs first.

5 ~~(c 5) In addition to any other amounts required to be~~
6 ~~transferred under this Section, in State fiscal year 2016 and~~
7 ~~each fiscal year thereafter through State fiscal year 2045, or~~
8 ~~when each of the designated retirement systems, as defined in~~
9 ~~Section 25, has achieved 100% funding, whichever occurs first,~~
10 ~~the State Comptroller shall order transferred and the State~~
11 ~~Treasurer shall transfer from the General Revenue Fund to the~~
12 ~~Pension Stabilization Fund an amount equal to 10% of (1) the~~
13 ~~sum of the amounts certified by the designated retirement~~
14 ~~systems under subsection (a 5) of Section 2-134, subsection~~
15 ~~(a-10) of Section 14-135.08, subsection (a-10) of Section~~
16 ~~15-165, and subsection (a 10) of Section 16-158 of this Code~~
17 ~~for that fiscal year minus (2) the sum of (i) the transfer~~
18 ~~required under subsection (c 10) of this Section for that~~
19 ~~fiscal year and (ii) the sum of the required State~~
20 ~~contributions certified by the retirement systems under~~
21 ~~subsection (a) of Section 2-134, subsection (a 5) of Section~~
22 ~~14-135.08, subsection (a 5) of Section 15-165, and subsection~~
23 ~~(a 5) of Section 16-158 of this Code for that fiscal year. The~~
24 ~~transferred amount is intended to represent one-tenth of the~~
25 ~~annual savings to the State resulting from the enactment of~~
26 ~~this amendatory Act of the 98th General Assembly.~~

1 ~~(c-10) In State fiscal year 2019, the State Comptroller~~
2 ~~shall order transferred and the State Treasurer shall transfer~~
3 ~~\$364,000,000 from the General Revenue Fund to the Pension~~
4 ~~Stabilization Fund. In State fiscal year 2020 and each fiscal~~
5 ~~year thereafter until terminated under subsection (c-15), the~~
6 ~~State Comptroller shall order transferred and the State~~
7 ~~Treasurer shall transfer \$1,000,000,000 from the General~~
8 ~~Revenue Fund to the Pension Stabilization Fund.~~

9 ~~(c-15) The transfers made beginning in State fiscal year~~
10 ~~2020 pursuant to subsection (c-10) of this Section shall~~
11 ~~terminate at the end of State fiscal year 2045 or when each of~~
12 ~~the designated retirement systems, as defined in Section 25,~~
13 ~~has achieved 100% funding, whichever occurs first.~~

14 (d) The Comptroller shall transfer 1/12 of the total amount
15 to be transferred each fiscal year under this Section into the
16 Pension Stabilization Fund on the first day of each month of
17 that fiscal year or as soon thereafter as possible; except that
18 the final transfer of the fiscal year shall be made as soon as
19 practical after the August 31 following the end of the fiscal
20 year.

21 Until State fiscal year 2016 ~~2015~~, before the final
22 transfer for a fiscal year is made, the Comptroller shall
23 reconcile the estimated general funds revenues used in
24 calculating the other transfers under this Section for that
25 fiscal year with the actual general funds revenues for that
26 fiscal year. The final transfer for the fiscal year shall be

1 adjusted so that the total amount transferred under this
2 Section for that fiscal year is equal to the percentage
3 specified in subsection (b) or (c) of this Section, whichever
4 is applicable, of the actual general funds revenues for that
5 fiscal year. The actual general funds revenues for the fiscal
6 year shall be calculated in a manner consistent with subsection
7 (c) of Section 10 of this Act.

8 (Source: P.A. 98-599, eff. 6-1-14.)

9 (30 ILCS 122/25)

10 Sec. 25. Transfers from the Pension Stabilization Fund.

11 (a) As used in this Section, "designated retirement
12 systems" means:

13 (1) the State Employees' Retirement System of
14 Illinois;

15 (2) the Teachers' Retirement System of the State of
16 Illinois;

17 (3) the State Universities Retirement System;

18 (4) the Judges Retirement System of Illinois; and

19 (5) the General Assembly Retirement System.

20 (b) As soon as may be practical after any money is
21 deposited into the Pension Stabilization Fund, the State
22 Comptroller shall apportion the deposited amount among the
23 designated retirement systems and the State Comptroller and
24 State Treasurer shall pay the apportioned amounts to the
25 designated retirement systems. The amount deposited shall be

1 apportioned among the designated retirement systems in
2 proportion to their respective certified State contributions
3 for the State fiscal year in which the payment is made to those
4 systems ~~in the same proportion as their respective portions of~~
5 ~~the total actuarial reserve deficiency of the designated~~
6 ~~retirement systems, as most recently determined by the~~
7 ~~Governor's Office of Management and Budget.~~ Amounts received by
8 a designated retirement system under this Section shall be used
9 for funding the unfunded liabilities of the retirement system.
10 Payments under this Section are authorized by the continuing
11 appropriation under Section 1.7 of the State Pension Funds
12 Continuing Appropriation Act. The total amount transferred to
13 the designated retirement systems in Fiscal Year 2016 shall not
14 be less than \$4,600,000,000. In each Fiscal Year thereafter,
15 the total amount transferred to the designated retirement
16 systems shall not be less than the total amount transferred in
17 the previous fiscal year.

18 (c) At the request of the State Comptroller, the Governor's
19 Office of Management and Budget shall determine the individual
20 and total actuarial reserve deficiencies of the designated
21 retirement systems. For this purpose, the Governor's Office of
22 Management and Budget shall consider the latest available audit
23 and actuarial reports of each of the retirement systems and the
24 relevant reports and statistics of the Public Pension Division
25 of the Department of Insurance.

26 (d) Payments to the designated retirement systems under

1 this Section shall be in addition to, and not in lieu of, any
2 State contributions required under Section 2-124, 14-131,
3 15-155, 16-158, or 18-131 of the Illinois Pension Code.

4 Payments to the designated retirement systems under this
5 Section received after the effective date of this amendatory
6 Act of the 98th General Assembly, and any investment earnings
7 attributable to such payments, do not reduce and do not
8 constitute payment of any portion of the required State
9 contribution under Article 2, 14, 15, 16, or 18 of the Illinois
10 Pension Code in the current fiscal year. Such amounts shall not
11 reduce, and shall not be included in the calculation of, the
12 required State contribution under Article 2, 14, 15, 16, or 18
13 of the Illinois Pension Code in any future fiscal year, until
14 the designated retirement system has reached the targeted
15 funding ratio as prescribed by law for that retirement system.
16 Such payments may be invested in the same manner as other
17 assets of the designated retirement system and shall be used in
18 the calculation of the system's funding ratio for the purposes
19 of this Section and Section 20 of this Act. Payments under this
20 Section may be used for any associated administrative costs.

21 (Source: P.A. 98-599, eff. 6-1-14.)

22 Section 10. The Illinois Pension Code is amended by
23 changing Sections 2-124, 2-126, 14-103.10, 14-131, 14-133,
24 15-111, 15-155, 15-157, 15-158.2, 16-121, 16-152, 16-158,
25 18-131, and 18-133 and by adding Sections 2-103.1, 2-103.2,

1 2-108.2, 2-126.2, 2-134.1, 14-103.12a, 14-103.41, 14-103.42,
2 14-133.2, 14-135.08a, 15-112.1, 15-165.1, 16-121.1, 16-122.2,
3 16-122.3, 16-158.3, 16-181.4, 18-111.1, 18-118.1, 18-118.2,
4 18-133.2, and 18-140.1 as follows:

5 (40 ILCS 5/2-103.1 new)

6 Sec. 2-103.1. Traditional benefit package. "Traditional
7 benefit package" means the defined benefit retirement program
8 maintained by the System, which includes retirement annuities
9 payable directly from the System, as provided in Sections
10 2-119, 2-119.01, 2-119.1, and 2-120; survivor's annuities
11 payable directly from the System, as provided in Sections
12 2-121, 2-121.1, 2-121.2, and 2-121.3; and contribution
13 refunds, as provided in Section 2-123.

14 (40 ILCS 5/2-103.2 new)

15 Sec. 2-103.2. Self-managed plan. "Self-managed plan" means
16 the defined contribution retirement program maintained by the
17 System, as described in Section 2-126.2. The self-managed plan
18 does not include retirement annuities or survivor's benefits
19 payable directly from the System, as provided in Sections
20 2-119, 2-119.01, 2-119.1, 2-120, 2-121, 2-121.1, 2-121.2, and
21 2-121.3 or refunds determined under Section 2-123.

22 (40 ILCS 5/2-108.2 new)

23 Sec. 2-108.2. Limitation on salary. For the purpose of

1 calculating traditional benefit package benefits and
2 contributions, the annual earnings, salary, or wages of a
3 participant shall not exceed the greater of (i) the amount
4 specified under subsection (b-5) of Section 1-160 or (ii) the
5 annual salary of the participant during the 365 days
6 immediately before the effective date of this Section.

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

8 Sec. 2-124. Contributions by State.

9 (a) The State shall make contributions to the System by
10 appropriations of amounts which, together with the
11 contributions of participants, interest earned on investments,
12 and other income will meet the cost of maintaining and
13 administering the System on a 100% funded basis in accordance
14 with actuarial recommendations ~~by the end of State fiscal year~~
15 ~~2044.~~

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

21 ~~(c) For State fiscal years 2015 through 2044, the minimum~~
22 ~~contribution to the System to be made by the State for each~~
23 ~~fiscal year shall be an amount determined by the System to be~~
24 ~~equal to the sum of (1) the State's portion of the projected~~
25 ~~normal cost for that fiscal year, plus (2) an amount sufficient~~

1 ~~to bring the total assets of the System up to 100% of the total~~
2 ~~actuarial liabilities of the System by the end of State fiscal~~
3 ~~year 2044. In making these determinations, the required State~~
4 ~~contribution shall be calculated each year as a level~~
5 ~~percentage of payroll over the years remaining to and including~~
6 ~~fiscal year 2044 and shall be determined under the projected~~
7 ~~unit cost method for fiscal year 2015 and under the entry age~~
8 ~~normal actuarial cost method for fiscal years 2016 through~~
9 ~~2044.~~ For State fiscal years 2012 through 2045 ~~2014~~, the
10 minimum contribution to the System to be made by the State for
11 each fiscal year shall be an amount determined by the System to
12 be sufficient to bring the total assets of the System up to
13 100% ~~90%~~ of the total actuarial liabilities of the System by
14 the end of State fiscal year 2045. In making these
15 determinations, the required State contribution shall be
16 calculated each year as a level percentage of payroll over the
17 years remaining to and including fiscal year 2045 and shall be
18 determined under the projected unit credit actuarial cost
19 method.

20 Pursuant to Article XIII, Section 5 of the Illinois
21 Constitution, beginning on July 1, 2015, the State shall, as a
22 retirement benefit to each participant and annuitant of the
23 System be contractually obligated to the System (as a fiduciary
24 and trustee of the participants and annuitants) to pay the
25 Annual Required State Contribution, as determined by the Board
26 of the System using generally accepted actuarial principles, as

1 is necessary to bring the total assets of the System up to 100%
2 of the total actuarial liabilities of the System by fiscal year
3 2045. As a further retirement benefit and contractual
4 obligation, each fiscal year, the State shall pay to the System
5 the Annual Required State Contribution certified by the Board
6 for that fiscal year. Payments of the Annual Required State
7 Contribution for each fiscal year shall be made in equal
8 monthly installments. This Section, and the security it
9 provides to participants and annuitants is intended to be, and
10 is, a contractual right that is part of the pension benefits
11 provided to the participants and annuitants. Notwithstanding
12 anything to the contrary in the Court of Claims Act or any
13 other law, the System has the exclusive right to and shall
14 bring a Mandamus action in the Circuit Court of Champaign
15 County against the State to compel the State to make any
16 installment of the Annual Required State Contribution required
17 by this Section, irrespective of other remedies that may be
18 available to the System. Each member or annuitant of the System
19 has the right to bring a Mandamus action against the System in
20 the Circuit Court in any judicial district in which the System
21 maintains an office if the System fails to bring an action
22 specified in this Section, irrespective of other remedies that
23 may be available to the member or annuitant.

24 For State fiscal years 1996 through 2005, the State
25 contribution to the System, as a percentage of the applicable
26 employee payroll, shall be increased in equal annual increments

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

3 Notwithstanding any other provision of this Article, the
4 total required State contribution for State fiscal year 2006 is
5 \$4,157,000.

6 Notwithstanding any other provision of this Article, the
7 total required State contribution for State fiscal year 2007 is
8 \$5,220,300.

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

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

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

1 the amount recertified by the System on or before April 1, 2011
2 pursuant to Section 2-134 and shall be made from the proceeds
3 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
4 the General Obligation Bond Act, less (i) the pro rata share of
5 bond sale expenses determined by the System's share of total
6 bond proceeds, (ii) any amounts received from the General
7 Revenue Fund in fiscal year 2011, and (iii) any reduction in
8 bond proceeds due to the issuance of discounted bonds, if
9 applicable.

10 Beginning in State fiscal year 2046 ~~2045~~, the minimum State
11 contribution for each fiscal year shall be the amount needed to
12 maintain the total assets of the System at 100% of the total
13 actuarial liabilities of the System.

14 Amounts received by the System pursuant to Section 25 of
15 the Budget Stabilization Act or Section 8.12 of the State
16 Finance Act in any fiscal year do not reduce and do not
17 constitute payment of any portion of the minimum State
18 contribution required under this Article in that fiscal year.
19 Such amounts shall not reduce, and shall not be included in the
20 calculation of, the required State contributions under this
21 Article in any future year until the System has reached a
22 funding ratio of at least 100%. A reference in this Article to
23 the "required State contribution" or any substantially similar
24 term does not include or apply to any amounts payable to the
25 System under Section 25 of the Budget Stabilization Act.

26 Notwithstanding any other provision of this Section, the

1 required State contribution for State fiscal year 2005 and for
2 fiscal year 2008 and each fiscal year thereafter through State
3 fiscal year 2014, as calculated under this Section and
4 certified under Section 2-134, shall not exceed an amount equal
5 to (i) the amount of the required State contribution that would
6 have been calculated under this Section for that fiscal year if
7 the System had not received any payments under subsection (d)
8 of Section 7.2 of the General Obligation Bond Act, minus (ii)
9 the portion of the State's total debt service payments for that
10 fiscal year on the bonds issued in fiscal year 2003 for the
11 purposes of that Section 7.2, as determined and certified by
12 the Comptroller, that is the same as the System's portion of
13 the total moneys distributed under subsection (d) of Section
14 7.2 of the General Obligation Bond Act. In determining this
15 maximum for State fiscal years 2008 through 2010, however, the
16 amount referred to in item (i) shall be increased, as a
17 percentage of the applicable employee payroll, in equal
18 increments calculated from the sum of the required State
19 contribution for State fiscal year 2007 plus the applicable
20 portion of the State's total debt service payments for fiscal
21 year 2007 on the bonds issued in fiscal year 2003 for the
22 purposes of Section 7.2 of the General Obligation Bond Act, so
23 that, by State fiscal year 2011, the State is contributing at
24 the rate otherwise required under this Section.

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

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

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

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

14 (Source: P.A. 97-813, eff. 7-13-12; 98-599, eff. 6-1-14.)

15 (40 ILCS 5/2-126) (from Ch. 108 1/2, par. 2-126)

16 Sec. 2-126. Contributions by participants.

17 (a) Each participant shall contribute toward the cost of
18 his or her retirement annuity a percentage of each payment of
19 salary received by him or her for service as a member as
20 follows: for service between October 31, 1947 and January 1,
21 1959, 5%; for service between January 1, 1959 and June 30,
22 1969, 6%; for service between July 1, 1969 and January 10,
23 1973, 6 1/2%; for service after January 10, 1973, 7%; for
24 service after December 31, 1981, 8 1/2%.

25 (b) Beginning August 2, 1949, each male participant, and

1 from July 1, 1971, each female participant shall contribute
2 towards the cost of the survivor's annuity 2% of salary.

3 A participant who has no eligible survivor's annuity
4 beneficiary may elect to cease making contributions for
5 survivor's annuity under this subsection. A survivor's annuity
6 shall not be payable upon the death of a person who has made
7 this election, unless prior to that death the election has been
8 revoked and the amount of the contributions that would have
9 been paid under this subsection in the absence of the election
10 is paid to the System, together with interest at the rate of 4%
11 per year from the date the contributions would have been made
12 to the date of payment.

13 (c) Beginning July 1, 1967 and, in the case of Tier 1
14 participants, ending on June 30, 2014, each participant shall
15 contribute 1% of salary towards the cost of automatic increase
16 in annuity provided in Section 2-119.1. These contributions
17 shall be made concurrently with contributions for retirement
18 annuity purposes.

19 (d) In addition, each participant serving as an officer of
20 the General Assembly shall contribute, for the same purposes
21 and at the same rates as are required of a regular participant,
22 on each additional payment received as an officer. If the
23 participant serves as an officer for at least 2 but less than 4
24 years, he or she shall contribute an amount equal to the amount
25 that would have been contributed had the participant served as
26 an officer for 4 years. Persons who serve as officers in the

1 87th General Assembly but cannot receive the additional payment
2 to officers because of the ban on increases in salary during
3 their terms may nonetheless make contributions based on those
4 additional payments for the purpose of having the additional
5 payments included in their highest salary for annuity purposes;
6 however, persons electing to make these additional
7 contributions must also pay an amount representing the
8 corresponding employer contributions, as calculated by the
9 System.

10 (e) Notwithstanding any other provision of this Article,
11 the required contribution of a participant who first becomes a
12 participant on or after January 1, 2011 shall not exceed the
13 contribution that would be due under this Article if that
14 participant's highest salary for annuity purposes were
15 \$106,800, plus any increases in that amount under Section
16 2-108.1.

17 (e-1) Notwithstanding any provision of this Code to the
18 contrary, (i) for a participant who does not file an election
19 under subsection (a-5) of Section 2-126.2, any contributions on
20 amounts of salary in excess of the amount specified under
21 Section 2-108.2 for that year shall instead be used to finance
22 self-managed plan benefits and (ii) for a participant who files
23 an election under subsection (a-5) of Section 2-126.2, any
24 contributions made after the date of the election, including
25 the contributions for a survivor's annuity, shall be used to
26 finance the benefits under Section 2-126.2. Notwithstanding

1 any provision of this Code to the contrary, a participant who
2 does not file an election under subsection (a-5) of Section
3 2-126.2 shall contribute toward the traditional benefit
4 package a percentage of salary equal to the greater of (i)
5 one-half of the normal cost of the traditional benefit package
6 or (ii) 6% of salary.

7 (Source: P.A. 98-599, eff. 6-1-14.)

8 (40 ILCS 5/2-126.2 new)

9 Sec. 2-126.2. Self-managed plan.

10 (a) The General Assembly Retirement System must establish
11 and administer a self-managed plan that shall offer
12 participants the opportunity to accumulate assets for
13 retirement through a combination of participant and State
14 contributions that may be invested in mutual funds, collective
15 investment funds, or other investment products and used to
16 purchase annuity contracts that are fixed, variable, or a
17 combination of fixed and variable. The plan must be qualified
18 under the Internal Revenue Code of 1986.

19 The General Assembly Retirement System shall be the plan
20 sponsor for the self-managed plan and shall prepare a plan
21 document and adopt any rules and procedures that are considered
22 necessary or desirable for the administration of the
23 self-managed plan. Consistent with its fiduciary duty to the
24 participants and beneficiaries of the self-managed plan, the
25 Board of Trustees of the System may delegate aspects of plan

1 administration as it sees fit to companies authorized to do
2 business in this State.

3 (a-5) A participant may file an irrevocable election to
4 transfer to the self-managed plan an amount equal to the
5 participant's total contributions under the traditional
6 benefit package, with interest. By filing the election, a
7 participant forfeits all accrued rights and benefits under the
8 traditional benefit package.

9 (b) Notwithstanding any other provision of this Code, (i)
10 for a participant who does not file an election under
11 subsection (a-5) of this Section, any portion of his or her
12 salary that exceeds the amount specified in Section 2-108.2 for
13 that year shall be subject to the self-managed plan and (ii)
14 for a participant who files an election under subsection (a-5)
15 of this Section, the entirety of the participant's salary
16 shall, after the date of the election, be subject to the
17 self-managed plan created under this Section.

18 (c) The System shall solicit proposals to provide
19 administrative services and funding vehicles for the
20 self-managed plan from insurance and annuity companies and
21 mutual fund companies, banks, trust companies, or other
22 financial institutions authorized to do business in this State.
23 In reviewing the proposals received and approving and
24 contracting with no fewer than 2 and no more than 7 companies,
25 the Board of Trustees of the System shall consider, among other
26 things, the following criteria:

1 (1) the nature and extent of the benefits that would be
2 provided to the participants;

3 (2) the reasonableness of the benefits in relation to
4 the premium charged;

5 (3) the suitability of the benefits to the needs and
6 interests of the participants and the State; and

7 (4) the ability of the company to provide benefits
8 under the contract and the financial stability of the
9 company.

10 The System shall periodically review each approved
11 company. A company may continue to provide administrative
12 services and funding vehicles for the self-managed plan only so
13 long as it continues to be an approved company under contract
14 with the Board.

15 In addition to the companies approved by the System under
16 this subsection (c), the System may offer its participants an
17 investment fund managed by the Illinois State Board of
18 Investment.

19 (d) Participants in the program must be allowed to direct
20 the transfer of their account balances among the various
21 investment options offered, subject to applicable contractual
22 provisions. The participant shall not be deemed a fiduciary by
23 reason of providing such investment direction. A person who is
24 a fiduciary shall not be liable for any loss resulting from
25 that investment direction and shall not be deemed to have
26 breached any fiduciary duty by acting in accordance with that

1 direction. Neither the System nor the State shall guarantee any
2 of the investments in the participant's account balances.

3 (e) Participation in the self-managed plan under this
4 Section shall constitute participation in the General Assembly
5 Retirement System.

6 (f) The self-managed plan shall be funded by contributions
7 from participants in the self-managed plan and State
8 contributions as provided in this Section.

9 The contribution rates for participants in the
10 self-managed plan shall be:

11 (i) for a participant who does not file an election
12 under subsection (a-5) of this Section, 6% of the amount of
13 salary in excess of the limit specified in Section 2-108.2
14 in that year, in addition to the amount specified under
15 subsection (e-1) of Section 2-126 for that year; and

16 (ii) for a participant who files an election under
17 subsection (a-5) of Section 2-126.2, 8% of any amount of
18 salary up to and including the limit specified in Section
19 2-108.2 for that year and 6% of any amount of salary in
20 excess of that limit for that year.

21 This required contribution shall be made as an employer
22 pick-up under Section 414(h) of the Internal Revenue Code of
23 1986 or any successor Section thereof. Any participant in the
24 System's traditional benefit package prior to his or her
25 election to participate in the self-managed plan shall continue
26 to have the employer pick up the contributions required under

1 Section 2-126. However, the amounts picked up after the
2 election of the self-managed plan shall be remitted to and
3 treated as assets of the self-managed plan. In no event shall a
4 participant have the option of receiving these amounts in cash.

5 Participants may make additional contributions to the
6 self-managed plan in accordance with procedures prescribed by
7 the System, to the extent permitted under rules adopted by the
8 System.

9 The program shall provide for State contributions to the
10 self-managed plan in the following amounts:

11 (i) for a participant who does not file an election
12 under subsection (a-5) of this Section, 3% of the amount of
13 salary in excess of the limit specified in Section 2-108.2
14 for that year; and

15 (ii) for a participant who does not file an election
16 under subsection (a-5) of this Section, 7.1% of any amount
17 of salary up to and including the limit specified in
18 Section 2-108.2 for that year and 3% of any amount of
19 salary in excess of that limit for that year.

20 The State of Illinois shall make contributions by
21 appropriations to the System for participants in the
22 self-managed plan under this Section. The amount required shall
23 be certified by the Board of Trustees of the System and paid by
24 the State in accordance with Section 2-134. The System shall
25 not be obligated to remit the required State contributions to
26 any of the insurance and annuity companies, mutual fund

1 companies, banks, trust companies, financial institutions, or
2 other sponsors of any of the funding vehicles offered under the
3 self-managed plan until it has received the required State
4 contributions from the State.

5 (g) If a participant in the self-managed plan who is
6 otherwise vested under this Article terminates employment, the
7 participant shall be entitled to a benefit that is based on the
8 account values attributable to both State and member
9 contributions and any investment return thereon.

10 If a participant in the self-managed plan who is not
11 otherwise vested under this Article terminates employment, the
12 participant shall be entitled to a benefit based solely on the
13 account values attributable to the participant's contributions
14 and any investment return thereon, and the State contributions
15 and any investment return thereon shall be forfeited. Any State
16 contributions that are forfeited shall be held in escrow by the
17 company investing those contributions and shall be used, as
18 directed by the System, for future allocations of State
19 contributions.

20 (40 ILCS 5/2-134.1 new)

21 Sec. 2-134.1. To calculate the normal cost of benefits. To
22 calculate the normal cost of each plan offered by the System as
23 a percentage of salary and to update those amounts at least
24 every 3 years.

1 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

2 Sec. 14-103.10. Compensation.

3 (a) For periods of service prior to January 1, 1978, the
4 full rate of salary or wages payable to an employee for
5 personal services performed if he worked the full normal
6 working period for his position, subject to the following
7 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
8 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
9 inclusive, \$625 per month or \$7,500 per year; (3) beginning
10 July 1, 1957, no limitation.

11 In the case of service of an employee in a position
12 involving part-time employment, compensation shall be
13 determined according to the employees' earnings record.

14 (b) For periods of service on and after January 1, 1978,
15 all remuneration for personal services performed defined as
16 "wages" under the Social Security Enabling Act, including that
17 part of such remuneration which is in excess of any maximum
18 limitation provided in such Act, and including any benefits
19 received by an employee under a sick pay plan in effect before
20 January 1, 1981, but excluding lump sum salary payments:

- 21 (1) for vacation,
22 (2) for accumulated unused sick leave,
23 (3) upon discharge or dismissal,
24 (4) for approved holidays.

25 (c) For periods of service on or after December 16, 1978,
26 compensation also includes any benefits, other than lump sum

1 salary payments made at termination of employment, which an
2 employee receives or is eligible to receive under a sick pay
3 plan authorized by law.

4 (d) For periods of service after September 30, 1985,
5 compensation also includes any remuneration for personal
6 services not included as "wages" under the Social Security
7 Enabling Act, which is deducted for purposes of participation
8 in a program established pursuant to Section 125 of the
9 Internal Revenue Code or its successor laws.

10 (e) For members for which Section 1-160 applies for periods
11 of service on and after January 1, 2011, all remuneration for
12 personal services performed defined as "wages" under the Social
13 Security Enabling Act, excluding remuneration that is in excess
14 of the annual earnings, salary, or wages of a member or
15 participant, as provided in subsection (b-5) of Section 1-160,
16 but including any benefits received by an employee under a sick
17 pay plan in effect before January 1, 1981. Compensation shall
18 exclude lump sum salary payments:

- 19 (1) for vacation;
20 (2) for accumulated unused sick leave;
21 (3) upon discharge or dismissal; and
22 (4) for approved holidays.

23 (f) Notwithstanding the other provisions of this Section,
24 for service on or after July 1, 2013, "compensation" does not
25 include any stipend payable to an employee for service on a
26 board or commission.

1 (f-5) Notwithstanding any other provision of this Section,
2 "compensation", except as used in Section 14-133.2, does not
3 include any future increase in income due to a provision in a
4 collectively bargained contract that grants an increase in
5 salary based on an employee's expected date of retirement. The
6 changes made to this Section by this amendatory Act of the 99th
7 General Assembly do not apply to an employee who is covered by
8 a collective bargaining agreement or employment contract that
9 is in effect on the effective date of this amendatory Act of
10 the 99th General Assembly and that provides for such increases,
11 until that agreement or contract expires or is amended or
12 renewed.

13 (g) Notwithstanding any other provision of this Section,
14 for an employee who first becomes a participant on or after the
15 effective date of this amendatory Act of the 98th General
16 Assembly, "compensation" does not include any payments or
17 reimbursements for travel vouchers submitted more than 30 days
18 after the last day of travel for which the voucher is
19 submitted.

20 (h) Notwithstanding any other provision of this Code, the
21 annual compensation of a Tier 1 member for the purposes of this
22 Code shall not exceed, for periods of service on or after the
23 effective date of this amendatory Act of the 98th General
24 Assembly, the greater of (i) the annual limitation determined
25 from time to time under subsection (b-5) of Section 1-160 of
26 this Code, (ii) the annualized compensation of the Tier 1

1 member as of that effective date, or (iii) the annualized
2 compensation of the Tier 1 member immediately preceding the
3 expiration, renewal, or amendment of an employment contract or
4 collective bargaining agreement in effect on that effective
5 date.

6 (Source: P.A. 98-449, eff. 8-16-13; 98-599, eff. 6-1-14.)

7 (40 ILCS 5/14-103.12a new)

8 Sec. 14-103.12a. Limitation on compensation. For the
9 purpose of calculating traditional benefit package benefits
10 and contributions, the annual compensation, earnings, salary,
11 or wages of a participant shall not exceed the greater of (i)
12 the amount specified under subsection (b-5) of Section 1-160 or
13 (ii) the annual compensation, earnings, salary, or wages of the
14 participant during the 365 days immediately before the
15 effective date of this Section. If, however, an employment
16 contract that is in place on or before the effective date of
17 this Section authorizes an increase in compensation, earnings,
18 salary, or wages on or after the effective date of this
19 Section, then the annual compensation, earnings, salary, or
20 wages of the participant during the 365 days that immediately
21 precede the date that the contract expires may be used in lieu
22 of the amount specified in item (ii) of this Section.

23 (40 ILCS 5/14-103.41 new)

24 Sec. 14-103.41. Traditional benefit package. "Traditional

1 benefit package" means the defined benefit retirement program
2 maintained by the System, which includes retirement annuities
3 payable directly from the System, as provided in Sections
4 14-107, 14-108, 14-113, and 14-114; survivor's annuities
5 payable directly from the System, as provided in Sections
6 14-120, 14-121, and 14-121.1; and contribution refunds, as
7 provided in Section 14-130.

8 (40 ILCS 5/14-103.42 new)

9 Sec. 14-103.42. Self-managed plan. "Self-managed plan"
10 means the defined contribution retirement program maintained
11 by the System, as described in Section 14-133.2. The
12 self-managed plan does not include retirement annuities or
13 survivor's benefits payable directly from the System, as
14 provided in Sections 14-107, 14-108, 14-113, 14-114, 14-120,
15 14-121, and 14-121.1 or refunds determined under Section
16 14-130.

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 100% funded basis in accordance with actuarial

1 recommendations ~~by the end of State fiscal year 2044.~~

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

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

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

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

1 participation, and annuitants employed by a department as
2 described in subdivision (a) (1) or (a) (2) of Section 14-111.

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

17 (c-1) Notwithstanding subsection (c) of this Section, for
18 fiscal years 2010, 2012, 2013, 2014, and 2015 only,
19 contributions by the several departments are not required to be
20 made for General Revenue Funds payrolls processed by the
21 Comptroller. Payrolls paid by the several departments from all
22 other State funds must continue to be processed pursuant to
23 subsection (c) of this Section.

24 (c-2) For State fiscal years 2010, 2012, 2013, 2014, and
25 2015 only, on or as soon as possible after the 15th day of each
26 month, the Board shall submit vouchers for payment of State

1 contributions to the System, in a total monthly amount of
2 one-twelfth of the fiscal year General Revenue Fund
3 contribution as certified by the System pursuant to Section
4 14-135.08 of the Illinois Pension Code.

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

19 ~~(e) For State fiscal years 2015 through 2044, the minimum~~
20 ~~contribution to the System to be made by the State for each~~
21 ~~fiscal year shall be an amount determined by the System to be~~
22 ~~equal to the sum of (1) the State's portion of the projected~~
23 ~~normal cost for that fiscal year, plus (2) an amount sufficient~~
24 ~~to bring the total assets of the System up to 100% of the total~~
25 ~~actuarial liabilities of the System by the end of State fiscal~~
26 ~~year 2044. In making these determinations, the required State~~

1 ~~contribution shall be calculated each year as a level~~
2 ~~percentage of payroll over the years remaining to and including~~
3 ~~fiscal year 2044 and shall be determined under the projected~~
4 ~~unit cost method for fiscal year 2015 and under the entry age~~
5 ~~normal actuarial cost method for fiscal years 2016 through~~
6 ~~2044.~~ For State fiscal years 2012 through 2045 ~~2014~~, the
7 minimum contribution to the System to be made by the State for
8 each fiscal year shall be an amount determined by the System to
9 be sufficient to bring the total assets of the System up to
10 100% ~~90%~~ of the total actuarial liabilities of the System by
11 the end of State fiscal year 2045. In making these
12 determinations, the required State contribution shall be
13 calculated each year as a level percentage of payroll over the
14 years remaining to and including fiscal year 2045 and shall be
15 determined under the projected unit credit actuarial cost
16 method.

17 Pursuant to Article XIII, Section 5 of the Illinois
18 Constitution, beginning on July 1, 2015, the State shall, as a
19 retirement benefit to each participant and annuitant of the
20 System be contractually obligated to the System (as a fiduciary
21 and trustee of the participants and annuitants) to pay the
22 Annual Required State Contribution, as determined by the Board
23 of the System using generally accepted actuarial principles, as
24 is necessary to bring the total assets of the System up to 100%
25 of the total actuarial liabilities of the System by the end of
26 State fiscal year 2045. As a further retirement benefit and

1 contractual obligation, each fiscal year, the State shall pay
2 to the System the Annual Required State Contribution certified
3 by the Board for that fiscal year. Payments of the Annual
4 Required State Contribution for each fiscal year shall be made
5 in equal monthly installments. This Section, and the security
6 it provides to participants and annuitants is intended to be,
7 and is, a contractual right that is part of the pension
8 benefits provided to the participants and annuitants.
9 Notwithstanding anything to the contrary in the Court of Claims
10 Act or any other law, the System has the exclusive right to and
11 shall bring a Mandamus action in the Circuit Court of Champaign
12 County against the State to compel the State to make any
13 installment of the Annual Required State Contribution required
14 by this Section, irrespective of other remedies that may be
15 available to the System. Each member or annuitant of the System
16 has the right to bring a Mandamus action against the System in
17 the Circuit Court in any judicial district in which the System
18 maintains an office if the System fails to bring an action
19 specified in this Section, irrespective of other remedies that
20 may be available to the member or annuitant.

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

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

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

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

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

26 Notwithstanding any other provision of this Article, the

1 total required State General Revenue Fund contribution for
2 State fiscal year 2010 is \$723,703,100 and shall be made from
3 the proceeds of bonds sold in fiscal year 2010 pursuant to
4 Section 7.2 of the General Obligation Bond Act, less (i) the
5 pro rata share of bond sale expenses determined by the System's
6 share of total bond proceeds, (ii) any amounts received from
7 the General Revenue Fund in fiscal year 2010, and (iii) any
8 reduction in bond proceeds due to the issuance of discounted
9 bonds, if applicable.

10 Notwithstanding any other provision of this Article, the
11 total required State General Revenue Fund contribution for
12 State fiscal year 2011 is the amount recertified by the System
13 on or before April 1, 2011 pursuant to Section 14-135.08 and
14 shall be made from the proceeds of bonds sold in fiscal year
15 2011 pursuant to Section 7.2 of the General Obligation Bond
16 Act, less (i) the pro rata share of bond sale expenses
17 determined by the System's share of total bond proceeds, (ii)
18 any amounts received from the General Revenue Fund in fiscal
19 year 2011, and (iii) any reduction in bond proceeds due to the
20 issuance of discounted bonds, if applicable.

21 Beginning in State fiscal year 2046 ~~2045~~, the minimum State
22 contribution for each fiscal year shall be the amount needed to
23 maintain the total assets of the System at 100% of the total
24 actuarial liabilities of the System.

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

1 Finance Act in any fiscal year do not reduce and do not
2 constitute payment of any portion of the minimum State
3 contribution required under this Article in that fiscal year.
4 Such amounts shall not reduce, and shall not be included in the
5 calculation of, the required State contributions under this
6 Article in any future year until the System has reached a
7 funding ratio of at least 100%. A reference in this Article to
8 the "required State contribution" or any substantially similar
9 term does not include or apply to any amounts payable to the
10 System under Section 25 of the Budget Stabilization Act.

11 Notwithstanding any other provision of this Section, the
12 required State contribution for State fiscal year 2005 and for
13 fiscal year 2008 and each fiscal year thereafter through State
14 fiscal year 2014, as calculated under this Section and
15 certified under Section 14-135.08, shall not exceed an amount
16 equal to (i) the amount of the required State contribution that
17 would have been calculated under this Section for that fiscal
18 year if the System had not received any payments under
19 subsection (d) of Section 7.2 of the General Obligation Bond
20 Act, minus (ii) the portion of the State's total debt service
21 payments for that fiscal year on the bonds issued in fiscal
22 year 2003 for the purposes of that Section 7.2, as determined
23 and certified by the Comptroller, that is the same as the
24 System's portion of the total moneys distributed under
25 subsection (d) of Section 7.2 of the General Obligation Bond
26 Act. In determining this maximum for State fiscal years 2008

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

10 (f) After the submission of all payments for eligible
11 employees from personal services line items in fiscal year 2004
12 have been made, the Comptroller shall provide to the System a
13 certification of the sum of all fiscal year 2004 expenditures
14 for personal services that would have been covered by payments
15 to the System under this Section if the provisions of this
16 amendatory Act of the 93rd General Assembly had not been
17 enacted. Upon receipt of the certification, the System shall
18 determine the amount due to the System based on the full rate
19 certified by the Board under Section 14-135.08 for fiscal year
20 2004 in order to meet the State's obligation under this
21 Section. The System shall compare this amount due to the amount
22 received by the System in fiscal year 2004 through payments
23 under this Section and under Section 6z-61 of the State Finance
24 Act. If the amount due is more than the amount received, the
25 difference shall be termed the "Fiscal Year 2004 Shortfall" for
26 purposes of this Section, and the Fiscal Year 2004 Shortfall

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

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

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

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

23 (i) After the submission of all payments for eligible
24 employees from personal services line items paid from the
25 General Revenue Fund in fiscal year 2010 have been made, the
26 Comptroller shall provide to the System a certification of the

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

20 (j) After the submission of all payments for eligible
21 employees from personal services line items paid from the
22 General Revenue Fund in fiscal year 2011 have been made, the
23 Comptroller shall provide to the System a certification of the
24 sum of all fiscal year 2011 expenditures for personal services
25 that would have been covered by payments to the System under
26 this Section if the provisions of this amendatory Act of the

1 96th General Assembly had not been enacted. Upon receipt of the
2 certification, the System shall determine the amount due to the
3 System based on the full rate certified by the Board under
4 Section 14-135.08 for fiscal year 2011 in order to meet the
5 State's obligation under this Section. The System shall compare
6 this amount due to the amount received by the System in fiscal
7 year 2011 through payments under this Section. If the amount
8 due is more than the amount received, the difference shall be
9 termed the "Fiscal Year 2011 Shortfall" for purposes of this
10 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
11 under Section 1.2 of the State Pension Funds Continuing
12 Appropriation Act. If the amount due is less than the amount
13 received, the difference shall be termed the "Fiscal Year 2011
14 Overpayment" for purposes of this Section, and the Fiscal Year
15 2011 Overpayment shall be repaid by the System to the General
16 Revenue Fund as soon as practicable after the certification.

17 (k) For fiscal years 2012 through 2015 only, after the
18 submission of all payments for eligible employees from personal
19 services line items paid from the General Revenue Fund in the
20 fiscal year have been made, the Comptroller shall provide to
21 the System a certification of the sum of all expenditures in
22 the fiscal year for personal services. Upon receipt of the
23 certification, the System shall determine the amount due to the
24 System based on the full rate certified by the Board under
25 Section 14-135.08 for the fiscal year in order to meet the
26 State's obligation under this Section. The System shall compare

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

12 (Source: P.A. 97-72, eff. 7-1-11; 97-732, eff. 6-30-12; 98-24,
13 eff. 6-19-13; 98-599, eff. 6-1-14; 98-674, eff. 6-30-14.)

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

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

16 (a) Except as provided in subsection (a-5), each
17 participating employee shall make contributions to the System,
18 based on the employee's compensation, as follows:

19 (1) Covered employees, except as indicated below, 3.5%
20 for retirement annuity, and 0.5% for a widow or survivors
21 annuity;

22 (2) Noncovered employees, except as indicated below,
23 7% for retirement annuity and 1% for a widow or survivors
24 annuity;

25 (3) Noncovered employees serving in a position in which

1 "eligible creditable service" as defined in Section 14-110
2 may be earned, 1% for a widow or survivors annuity plus the
3 following amount for retirement annuity: 8.5% through
4 December 31, 2001; 9.5% in 2002; 10.5% in 2003; and 11.5%
5 in 2004 and thereafter;

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

12 (5) Each security employee of the Department of
13 Corrections or of the Department of Human Services who is a
14 covered employee, 0.5% for a widow or survivors annuity
15 plus the following amount for retirement annuity: 5%
16 through December 31, 2001; 6% in 2002; 7% in 2003; and 8%
17 in 2004 and thereafter;

18 (6) Each security employee of the Department of
19 Corrections or of the Department of Human Services who is
20 not a covered employee, 1% for a widow or survivors annuity
21 plus the following amount for retirement annuity: 8.5%
22 through December 31, 2001; 9.5% in 2002; 10.5% in 2003; and
23 11.5% in 2004 and thereafter.

24 (a-5) Beginning July 1, 2014, in lieu of the contributions
25 otherwise required under subsection (a), each Tier 1 member who
26 is a participating employee shall make contributions to the

1 System, based on his or her compensation, as follows:

2 (1) Covered employees, except as indicated below, 2.5%
3 for retirement annuity, and 0.5% for a widow or survivors
4 annuity;

5 (2) Noncovered employees, except as indicated below,
6 6% for retirement annuity and 1% for a widow or survivors
7 annuity;

8 (3) Noncovered employees serving in a position in which
9 "eligible creditable service" as defined in Section 14-110
10 may be earned, 10.5% for retirement annuity and 1% for a
11 widow or survivors annuity;

12 (4) Covered employees serving in a position in which
13 "eligible creditable service" as defined in Section 14-110
14 may be earned, 7% for retirement annuity and 0.5% for a
15 widow or survivors annuity;

16 (5) Each security employee of the Department of
17 Corrections or of the Department of Human Services who is a
18 covered employee, 7% for retirement annuity and 0.5% for a
19 widow or survivors annuity;

20 (6) Each security employee of the Department of
21 Corrections or of the Department of Human Services who is
22 not a covered employee, 10.5% for retirement annuity and 1%
23 for a widow or survivors annuity.

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 (c) Notwithstanding any provision of this Code to the
6 contrary, (i) for a participant who does not file an election
7 under subsection (a-5) of Section 14-133.2, any contributions
8 on amounts of salary in excess of the limit specified in
9 Section 14-103.12a for that year shall instead be used to
10 finance self-managed plan benefits and (ii) for a participant
11 who files an election under subsection (a-5) of Section
12 14-133.2, any contributions made after the date of the
13 election, including contributions for a survivor's annuity,
14 shall instead be used to finance the benefits under Section
15 14-133.2. Notwithstanding any provision of this Code to the
16 contrary, a participant who does not file an election under
17 subsection (a-5) of Section 14-133.2 shall contribute towards
18 the traditional benefit package a percentage of salary equal to
19 the greater of (i) one-half of the normal cost of the
20 traditional benefit package or (ii) 6% of salary.

21 (Source: P.A. 98-599, eff. 6-1-14.)

22 (40 ILCS 5/14-133.2 new)

23 Sec. 14-133.2. Self-managed plan.

24 (a) The State Employees' Retirement System of Illinois must
25 establish and administer a self-managed plan that shall offer

1 participants the opportunity to accumulate assets for
2 retirement through a combination of participant and State
3 contributions that may be invested in mutual funds, collective
4 investment funds, or other investment products and used to
5 purchase annuity contracts, that are fixed, variable, or a
6 combination of fixed and variable. The plan must be qualified
7 under the Internal Revenue Code of 1986.

8 The State Employees' Retirement System of Illinois shall be
9 the plan sponsor for the self-managed plan and shall prepare a
10 plan document and adopt any rules and procedures that are
11 considered necessary or desirable for the administration of the
12 self-managed plan. Consistent with its fiduciary duty to the
13 participants and beneficiaries of the self-managed plan, the
14 Board of Trustees of the System may delegate aspects of plan
15 administration as it sees fit to companies authorized to do
16 business in this State.

17 (a-5) A participant may file an irrevocable election to
18 transfer amounts equal to the participant's total
19 contributions under the traditional benefit package, with
20 interest, to the self-managed plan under this Section. By
21 filing the election, a participant forfeits all accrued rights
22 and benefits under the traditional benefit package.

23 (b) Notwithstanding any other provision of this Code, (i)
24 for a participant who does not file an election under
25 subsection (a-5) of this Section, any portion of his or her
26 compensation that exceeds the limit specified in Section

1 14-103.12a for that year shall be subject to the self-managed
2 plan and (ii) for a participant who files an election under
3 subsection (a-5) of this Section, the entirety of the
4 participant's compensation shall, after the date of the
5 election, be subject to the self-managed plan created under
6 this Section.

7 (c) The System shall solicit proposals to provide
8 administrative services and funding vehicles for the
9 self-managed plan from insurance and annuity companies and
10 mutual fund companies, banks, trust companies, or other
11 financial institutions authorized to do business in this State.
12 In reviewing the proposals received and approving and
13 contracting with no fewer than 2 and no more than 7 companies,
14 the Board of Trustees of the System shall consider, among other
15 things, the following criteria:

16 (1) the nature and extent of the benefits that would be
17 provided to the participants;

18 (2) the reasonableness of the benefits in relation to
19 the premium charged;

20 (3) the suitability of the benefits to the needs and
21 interests of the participants and the State; and

22 (4) the ability of the company to provide benefits
23 under the contract and the financial stability of the
24 company.

25 The System shall periodically review each approved
26 company. A company may continue to provide administrative

1 services and funding vehicles for the self-managed plan only so
2 long as it continues to be an approved company under contract
3 with the Board.

4 In addition to the companies approved by the System under
5 this subsection (c), the System may offer its participants an
6 investment fund managed by the Illinois State Board of
7 Investment.

8 (d) Participants in the program must be allowed to direct
9 the transfer of their account balances among the various
10 investment options offered, subject to applicable contractual
11 provisions. The participant shall not be deemed a fiduciary by
12 reason of providing such investment direction. A person who is
13 a fiduciary shall not be liable for any loss resulting from
14 that investment direction and shall not be deemed to have
15 breached any fiduciary duty by acting in accordance with that
16 direction. Neither the System nor the State shall guarantee any
17 of the investments in the participant's account balances.

18 (e) Participation in the self-managed plan under this
19 Section shall constitute participation in the State Employees'
20 Retirement System of Illinois.

21 (f) The self-managed plan shall be funded by contributions
22 from participants in the self-managed plan and State
23 contributions as provided in this Section.

24 The contribution rates for participants in the
25 self-managed plan shall be:

26 (i) for a participant who does not file an election

1 under subsection (a-5) of this Section, 6% of the amount of
2 compensation in excess of the limit specified in 14-103.12a
3 for that year, in addition to the amount specified under
4 subsection (c) of Section 14-133 for that year; and

5 (ii) for a participant who files an election under
6 subsection (a-5) of Section 14-133.2, 8% of any amount of
7 compensation up to and including the limit specified in
8 Section 14-103.12a for that year and 6% of any amount of
9 compensation in excess of that limit for that year.

10 This required contribution shall be made as an employer
11 pick-up under Section 414(h) of the Internal Revenue Code of
12 1986 or any successor Section thereof. Any participant in the
13 System's traditional benefit package prior to his or her
14 election to participate in the self-managed plan shall continue
15 to have the employer pick up the contributions required under
16 Section 14-133. However, the amounts picked up after the
17 election of the self-managed plan shall be remitted to and
18 treated as assets of the self-managed plan. In no event shall a
19 participant have the option of receiving these amounts in cash.

20 Participants may make additional contributions to the
21 self-managed plan in accordance with procedures prescribed by
22 the System, to the extent permitted under rules adopted by the
23 System.

24 The program shall provide for State contributions to the
25 self-managed plan in the following amounts:

26 (i) for a participant who does not file an election

1 under subsection (a-5) of this Section, 3% of the amount of
2 compensation in excess of the limit specified in 14-103.12a
3 for that year; and

4 (ii) for a participant who does not file an election
5 under subsection (a-5) of this Section, 7.1% of any amount
6 of compensation up to and including the limit specified in
7 Section 14-103.12a for that year and 3% of any amount of
8 compensation in excess of that limit for that year.

9 The State of Illinois shall make contributions by
10 appropriations to the System for participants in the
11 self-managed plan under this Section. The amount required shall
12 be certified by the Board of Trustees of the System and paid by
13 the State in accordance with Sections 14-132 and 14-135.08. The
14 System shall not be obligated to remit the required State
15 contributions to any of the insurance and annuity companies,
16 mutual fund companies, banks, trust companies, financial
17 institutions, or other sponsors of any of the funding vehicles
18 offered under the self-managed plan until it has received the
19 required State contributions from the State.

20 (g) If a participant in the self-managed plan who is
21 otherwise vested under this Article terminates employment, the
22 participant shall be entitled to a benefit that is based on the
23 account values attributable to both State and member
24 contributions and any investment return thereon.

25 If a participant in the self-managed plan who is not
26 otherwise vested under this Article terminates employment, the

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

9 (40 ILCS 5/14-135.08a new)

10 Sec. 14-135.08a. To calculate the normal cost of benefits.
11 To calculate the normal cost of each plan offered by the System
12 as a percentage of compensation and to update those amounts at
13 least every 3 years.

14 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

15 Sec. 15-111. Earnings.

16 (a) "Earnings": An amount paid for personal services equal
17 to the sum of the basic compensation plus extra compensation
18 for summer teaching, overtime or other extra service. For
19 periods for which an employee receives service credit under
20 subsection (c) of Section 15-113.1 or Section 15-113.2,
21 earnings are equal to the basic compensation on which
22 contributions are paid by the employee during such periods.
23 Compensation for employment which is irregular, intermittent
24 and temporary shall not be considered earnings, unless the

1 participant is also receiving earnings from the employer as an
2 employee under Section 15-107.

3 With respect to transition pay paid by the University of
4 Illinois to a person who was a participating employee employed
5 in the fire department of the University of Illinois's
6 Champaign-Urbana campus immediately prior to the elimination
7 of that fire department:

8 (1) "Earnings" includes transition pay paid to the
9 employee on or after the effective date of this amendatory
10 Act of the 91st General Assembly.

11 (2) "Earnings" includes transition pay paid to the
12 employee before the effective date of this amendatory Act
13 of the 91st General Assembly only if (i) employee
14 contributions under Section 15-157 have been withheld from
15 that transition pay or (ii) the employee pays to the System
16 before January 1, 2001 an amount representing employee
17 contributions under Section 15-157 on that transition pay.
18 Employee contributions under item (ii) may be paid in a
19 lump sum, by withholding from additional transition pay
20 accruing before January 1, 2001, or in any other manner
21 approved by the System. Upon payment of the employee
22 contributions on transition pay, the corresponding
23 employer contributions become an obligation of the State.

24 (b) For a Tier 2 member, the annual earnings shall not
25 exceed \$106,800; however, that amount shall annually
26 thereafter be increased by the lesser of (i) 3% of that amount,

1 including all previous adjustments, or (ii) one half the annual
2 unadjusted percentage increase (but not less than zero) in the
3 consumer price index-u for the 12 months ending with the
4 September preceding each November 1, including all previous
5 adjustments.

6 For the purposes of this Section, "consumer price index u"
7 means the index published by the Bureau of Labor Statistics of
8 the United States Department of Labor that measures the average
9 change in prices of goods and services purchased by all urban
10 consumers, United States city average, all items, 1982-84 =
11 100. The new amount resulting from each annual adjustment shall
12 be determined by the Public Pension Division of the Department
13 of Insurance and made available to the boards of the retirement
14 systems and pension funds by November 1 of each year.

15 (c) Notwithstanding any other provision of this Code, the
16 annual earnings of a Tier 1 member for the purposes of this
17 Code shall not exceed, for periods of service on or after the
18 effective date of this amendatory Act of the 98th General
19 Assembly, the greater of (i) the annual limitation determined
20 from time to time under subsection (b-5) of Section 1-160 of
21 this Code, (ii) the annualized rate of earnings of the Tier 1
22 member as of that effective date, or (iii) the annualized rate
23 of earnings of the Tier 1 member immediately preceding the
24 expiration, renewal, or amendment of an employment contract or
25 collective bargaining agreement in effect on that effective
26 date.

1 (d) Notwithstanding any other provision of this Section,
2 "earnings", except as used in Section 15-158.2, does not
3 include any future increase in income due to a provision in a
4 collectively bargained contract that grants an increase in
5 earnings based on an employee's expected date of retirement.
6 The changes made to this Section by this amendatory Act of the
7 99th General Assembly do not apply to an employee who is
8 covered by a collective bargaining agreement or employment
9 contract that is in effect on the effective date of this
10 amendatory Act of the 99th General Assembly and that provides
11 for such increases, until that agreement or contract expires or
12 is amended or renewed.

13 (Source: P.A. 98-92, eff. 7-16-13; 98-599, eff. 6-1-14.)

14 (40 ILCS 5/15-112.1 new)

15 Sec. 15-112.1. Limitation on earnings and required
16 participation in the self-managed plan.

17 (a) For the purpose of calculating traditional benefit
18 package benefits and contributions, the annual earnings,
19 salary, or wages of a participant shall not exceed the greater
20 of (i) the amount specified under subsection (b-5) of Section
21 1-160 or (ii) the annual earnings of the participant during the
22 365 days immediately before the effective date of this Section.
23 If, however, an employment contract that is in place on or
24 before the effective date of this Section authorizes an
25 increase in earnings, salary, or wages on or after the

1 effective date of this Section, then the annual earnings,
2 salary, or wages of the participant during the 365 days that
3 immediately precede the date that the contract expires may be
4 used in lieu of the amount specified in item (ii) of this
5 Section.

6 (b) Notwithstanding any other provision of this Code, (i)
7 for a participant who does not make an election under Section
8 15-134.5, any portion of his or her earnings that exceeds the
9 limit specified in subsection (a) of this Section for that year
10 shall be subject to the self-managed plan and (ii) for a
11 participant who makes an election under Section 15-134.5, the
12 entirety of the participant's earnings shall, after the date of
13 the election, be subject to the self-managed plan created under
14 this Section, as is provided in Section 15-158.2.

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

16 Sec. 15-155. Employer contributions.

17 (a) The State of Illinois shall make contributions by
18 appropriations of amounts which, together with the other
19 employer contributions from trust, federal, and other funds,
20 employee contributions, income from investments, and other
21 income of this System, will be sufficient to meet the cost of
22 maintaining and administering the System on a 100% funded basis
23 in accordance with actuarial recommendations ~~by the end of~~
24 ~~State fiscal year 2044.~~

25 The Board shall determine the amount of State contributions

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

5 (a-1) ~~For State fiscal years 2015 through 2044, the minimum~~
6 ~~contribution to the System to be made by the State for each~~
7 ~~fiscal year shall be an amount determined by the System to be~~
8 ~~equal to the sum of (1) the State's portion of the projected~~
9 ~~normal cost for that fiscal year, plus (2) an amount sufficient~~
10 ~~to bring the total assets of the System up to 100% of the total~~
11 ~~actuarial liabilities of the System by the end of the State~~
12 ~~fiscal year 2044. In making these determinations, the required~~
13 ~~State contribution shall be calculated each year as a level~~
14 ~~percentage of payroll over the years remaining to and including~~
15 ~~fiscal year 2044 and shall be determined under the projected~~
16 ~~unit cost method for fiscal year 2015 and under the entry age~~
17 ~~normal actuarial cost method for fiscal years 2016 through~~
18 ~~2044.~~ For State fiscal years 2012 through 2045 ~~2014~~, the
19 minimum contribution to the System to be made by the State for
20 each fiscal year shall be an amount determined by the System to
21 be sufficient to bring the total assets of the System up to
22 100% ~~90%~~ of the total actuarial liabilities of the System by
23 the end of State fiscal year 2045. In making these
24 determinations, the required State contribution shall be
25 calculated each year as a level percentage of payroll over the
26 years remaining to and including fiscal year 2045 and shall be

1 determined under the projected unit credit actuarial cost
2 method.

3 Pursuant to Article XIII, Section 5 of the Illinois
4 Constitution, beginning on July 1, 2015, the State shall, as a
5 retirement benefit to each participant and annuitant of the
6 System be contractually obligated to the System (as a fiduciary
7 and trustee of the participants and annuitants) to pay the
8 Annual Required State Contribution, as determined by the Board
9 of the System using generally accepted actuarial principles, as
10 is necessary to bring the total assets of the System up to 100%
11 of the total actuarial liabilities of the System by the end of
12 State fiscal year 2045. As a further retirement benefit and
13 contractual obligation, each fiscal year, the State shall pay
14 to the System the Annual Required State Contribution certified
15 by the Board for that fiscal year. Payments of the Annual
16 Required State Contribution for each fiscal year shall be made
17 in equal monthly installments. This Section, and the security
18 it provides to participants and annuitants is intended to be,
19 and is, a contractual right that is part of the pension
20 benefits provided to the participants and annuitants.
21 Notwithstanding anything to the contrary in the Court of Claims
22 Act or any other law, the System has the exclusive right to and
23 shall bring a Mandamus action in the Circuit Court of Champaign
24 County against the State to compel the State to make any
25 installment of the Annual Required State Contribution required
26 by this Section, irrespective of other remedies that may be

1 available to the System. Each member or annuitant of the System
2 has the right to bring a Mandamus action against the System in
3 the Circuit Court in any judicial district in which the System
4 maintains an office if the System fails to bring an action
5 specified in this Section, irrespective of other remedies that
6 may be available to the member or annuitant.

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

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

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

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

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2010 is
26 \$702,514,000 and shall be made from the State Pensions Fund and

1 proceeds of bonds sold in fiscal year 2010 pursuant to Section
2 7.2 of the General Obligation Bond Act, less (i) the pro rata
3 share of bond sale expenses determined by the System's share of
4 total bond proceeds, (ii) any amounts received from the General
5 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
6 proceeds due to the issuance of discounted bonds, if
7 applicable.

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

19 Beginning in State fiscal year 2046 ~~2045~~, the minimum
20 contribution for each fiscal year shall be the amount needed to
21 maintain the total assets of the System at 100% of the total
22 liabilities of the System.

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

1 contribution required under this Article in that fiscal year.
2 Such amounts shall not reduce, and shall not be included in the
3 calculation of, the required State contributions under this
4 Article in any future year until the System has reached a
5 funding ratio of at least 100%. A reference in this Article to
6 the "required State contribution" or any substantially similar
7 term does not include or apply to any amounts payable to the
8 System under Section 25 of the Budget Stabilization Act.

9 Notwithstanding any other provision of this Section, the
10 required State contribution for State fiscal year 2005 and for
11 fiscal year 2008 and each fiscal year thereafter through State
12 fiscal year 2014, as calculated under this Section and
13 certified under Section 15-165, shall not exceed an amount
14 equal to (i) the amount of the required State contribution that
15 would have been calculated under this Section for that fiscal
16 year if the System had not received any payments under
17 subsection (d) of Section 7.2 of the General Obligation Bond
18 Act, minus (ii) the portion of the State's total debt service
19 payments for that fiscal year on the bonds issued in fiscal
20 year 2003 for the purposes of that Section 7.2, as determined
21 and certified by the Comptroller, that is the same as the
22 System's portion of the total moneys distributed under
23 subsection (d) of Section 7.2 of the General Obligation Bond
24 Act. In determining this maximum for State fiscal years 2008
25 through 2010, however, the amount referred to in item (i) shall
26 be increased, as a percentage of the applicable employee

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

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

23 (b-1) The City of Urbana and the City of Champaign shall
24 each make employer contributions to this System for their
25 respective firefighter employees who participate in this
26 System pursuant to subsection (h) of Section 15-107. The rate

1 of contributions to be made by those municipalities shall be
2 determined annually by the Board on the basis of the actuarial
3 assumptions adopted by the Board and the recommendations of the
4 actuary, and shall be expressed as a percentage of salary for
5 each such employee. The Board shall certify the rate to the
6 affected municipalities as soon as may be practical. The
7 employer contributions required under this subsection shall be
8 remitted by the municipality to the System at the same time and
9 in the same manner as employee contributions.

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

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

26 (e) The State Comptroller shall draw warrants payable to

1 the System upon proper certification by the System or by the
2 employer in accordance with the appropriation laws and this
3 Code.

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

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

1 documentation.

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

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

26 (h) This subsection (h) applies only to payments made or

1 salary increases given on or after June 1, 2005 but before July
2 1, 2011. The changes made by Public Act 94-1057 shall not
3 require the System to refund any payments received before July
4 31, 2006 (the effective date of Public Act 94-1057).

5 When assessing payment for any amount due under subsection
6 (g), the System shall exclude earnings increases paid to
7 participants under contracts or collective bargaining
8 agreements entered into, amended, or renewed before June 1,
9 2005.

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

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

1 mission.

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

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

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

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

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

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

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

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

15 (k) The Illinois Community College Board shall adopt rules
16 for recommending lists of promotional positions submitted to
17 the Board by community colleges and for reviewing the
18 promotional lists on an annual basis. When recommending
19 promotional lists, the Board shall consider the similarity of
20 the positions submitted to those positions recognized for State
21 universities by the State Universities Civil Service System.
22 The Illinois Community College Board shall file a copy of its
23 findings with the System. The System shall consider the
24 findings of the Illinois Community College Board when making
25 determinations under this Section. The System shall not exclude
26 any earnings increases resulting from a promotion when the

1 promotion was not submitted by a community college. Nothing in
2 this subsection (k) shall require any community college to
3 submit any information to the Community College Board.

4 (l) For purposes of determining the required State
5 contribution to the System, the value of the System's assets
6 shall be equal to the actuarial value of the System's assets,
7 which shall be calculated as follows:

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

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

19 (Source: P.A. 97-813, eff. 7-13-12; 98-92, eff. 7-16-13;
20 98-463, eff. 8-16-13; 98-599, eff. 6-1-14.)

21 (40 ILCS 5/15-157) (from Ch. 108 1/2, par. 15-157)

22 Sec. 15-157. Employee contributions.

23 (a) Except as provided in subsection (a-5), each
24 participating employee shall make contributions towards the
25 retirement benefits payable under the retirement program

1 applicable to the employee from each payment of earnings
2 applicable to employment under this system on and after the
3 date of becoming a participant as follows: Prior to September
4 1, 1949, 3 1/2% of earnings; from September 1, 1949 to August
5 31, 1955, 5%; from September 1, 1955 to August 31, 1969, 6%;
6 from September 1, 1969, 6 1/2%. These contributions are to be
7 considered as normal contributions for purposes of this
8 Article.

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

1 under Rule 4 of Section 15-136. While performing service
2 described in clause (i) or (ii) of Rule 4 of Section 15-136, a
3 participating employee shall be deemed to be employed as a
4 firefighter for the purpose of determining the rate of employee
5 contributions under this Section.

6 (a-5) Beginning July 1, 2014, in lieu of the contribution
7 otherwise required under subsection (a), each Tier 1 member,
8 other than a Tier 1 member who is a police officer or
9 firefighter, shall contribute 6% of earnings toward the
10 retirement benefits payable under the retirement programs
11 applicable to the employee from each payment of earnings
12 applicable to employment under this system.

13 Beginning July 1, 2014, in lieu of the contribution
14 otherwise required under subsection (a), each Tier 1 member who
15 is a police officer or firefighter shall contribute 7.5% of
16 each payment of earnings applicable to employment as a police
17 officer or firefighter under this system, unless he or she has
18 filed a waiver with the board pursuant to subsection (a).

19 The contributions required under this subsection (a-5) are
20 to be considered normal contributions for the purposes of this
21 Article.

22 (b) Starting September 1, 1969 and, in the case of Tier 1
23 members, ending on June 30, 2014, each participating employee
24 shall make additional contributions of 1/2 of 1% of earnings to
25 finance a portion of the cost of the annual increases in
26 retirement annuity provided under Section 15-136, except that

1 with respect to participants in the self-managed plan this
2 additional contribution shall be used to finance the benefits
3 obtained under that retirement program.

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

20 (d) If the board by board rule so permits and subject to
21 such conditions and limitations as may be specified in its
22 rules, a participant may make other additional contributions of
23 such percentage of earnings or amounts as the participant shall
24 elect in a written notice thereof received by the board.

25 (e) That fraction of a participant's total accumulated
26 normal contributions, the numerator of which is equal to the

1 number of years of service in excess of that which is required
2 to qualify for the maximum retirement annuity, and the
3 denominator of which is equal to the total service of the
4 participant, shall be considered as accumulated additional
5 contributions. The determination of the applicable maximum
6 annuity and the adjustment in contributions required by this
7 provision shall be made as of the date of the participant's
8 retirement.

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

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

17 (h) A Tier 2 member shall not make contributions on
18 earnings that exceed the limitation as prescribed under
19 subsection (b) of Section 15-111 of this Article.

20 (h-5) Notwithstanding any provision of this Code to the
21 contrary, (i) for a member who does not file an election under
22 subsection (e) of Section 15-158.2, any contributions on
23 amounts of earnings in excess of the limit specified in Section
24 15-112.1 for that year shall instead be used to finance
25 self-managed plan benefits and (ii) for a member who files an
26 election under subsection (e) of Section 15-158.2, any

1 contributions made after the date of the election, including
2 the contributions for a survivor's annuity, shall be used to
3 finance the benefits under Section 15-158.2. Notwithstanding
4 any provision of this Code to the contrary, a member who does
5 not file an election under subsection (e) of Section 15-158.2
6 shall contribute towards the traditional benefit package a
7 percentage of earnings equal to the greater of (i) one-half of
8 the normal cost of the traditional benefit package or (ii) 6%
9 of earnings.

10 (Source: P.A. 98-92, eff. 7-16-13; 98-599, eff. 6-1-14.)

11 (40 ILCS 5/15-158.2)

12 Sec. 15-158.2. Self-managed plan.

13 (a) Purpose. The General Assembly finds that it is
14 important for colleges and universities to be able to attract
15 and retain the most qualified employees and that in order to
16 attract and retain these employees, colleges and universities
17 should have the flexibility to provide a defined contribution
18 plan as an alternative for eligible employees who elect not to
19 participate in a defined benefit retirement program provided
20 under this Article. Accordingly, the State Universities
21 Retirement System is hereby authorized to establish and
22 administer a self-managed plan, which shall offer
23 participating employees the opportunity to accumulate assets
24 for retirement through a combination of employee and employer
25 contributions that may be invested in mutual funds, collective

1 investment funds, or other investment products and used to
2 purchase annuity contracts, either fixed or variable or a
3 combination thereof. The plan must be qualified under the
4 Internal Revenue Code of 1986.

5 (b) Adoption by employers. Each employer subject to this
6 Article may elect to adopt the self-managed plan established
7 under this Section; this election is irrevocable. An employer's
8 election to adopt the self-managed plan makes available to the
9 eligible employees of that employer the elections described in
10 Section 15-134.5.

11 The State Universities Retirement System shall be the plan
12 sponsor for the self-managed plan and shall prepare a plan
13 document and prescribe such rules and procedures as are
14 considered necessary or desirable for the administration of the
15 self-managed plan. Consistent with its fiduciary duty to the
16 participants and beneficiaries of the self-managed plan, the
17 Board of Trustees of the System may delegate aspects of plan
18 administration as it sees fit to companies authorized to do
19 business in this State, to the employers, or to a combination
20 of both.

21 (c) Selection of service providers and funding vehicles.
22 The System, in consultation with the employers, shall solicit
23 proposals to provide administrative services and funding
24 vehicles for the self-managed plan from insurance and annuity
25 companies and mutual fund companies, banks, trust companies, or
26 other financial institutions authorized to do business in this

1 State. In reviewing the proposals received and approving and
2 contracting with no fewer than 2 and no more than 7 companies,
3 the Board of Trustees of the System shall consider, among other
4 things, the following criteria:

5 (1) the nature and extent of the benefits that would be
6 provided to the participants;

7 (2) the reasonableness of the benefits in relation to
8 the premium charged;

9 (3) the suitability of the benefits to the needs and
10 interests of the participating employees and the employer;

11 (4) the ability of the company to provide benefits
12 under the contract and the financial stability of the
13 company; and

14 (5) the efficacy of the contract in the recruitment and
15 retention of employees.

16 The System, in consultation with the employers, shall
17 periodically review each approved company. A company may
18 continue to provide administrative services and funding
19 vehicles for the self-managed plan only so long as it continues
20 to be an approved company under contract with the Board.

21 (d) Employee Direction. Employees who are participating in
22 the program must be allowed to direct the transfer of their
23 account balances among the various investment options offered,
24 subject to applicable contractual provisions. The participant
25 shall not be deemed a fiduciary by reason of providing such
26 investment direction. A person who is a fiduciary shall not be

1 liable for any loss resulting from such investment direction
2 and shall not be deemed to have breached any fiduciary duty by
3 acting in accordance with that direction. Neither the System
4 nor the employer guarantees any of the investments in the
5 employee's account balances.

6 (e) Participation. An employee eligible to participate in
7 the self-managed plan must make a written election in
8 accordance with the provisions of Section 15-134.5 and the
9 procedures established by the System or become subject to the
10 limitation specified in Section 15-112.1. Participation in the
11 self-managed plan by an ~~electing~~ employee shall begin on the
12 first day of the first pay period following the later of the
13 date the employee's election is filed with the System, ~~or~~ the
14 effective date as of which the employee's employer begins to
15 offer participation in the self-managed plan, or the date the
16 participant's annual earnings exceed the limitation specified
17 in Section 15-112.1. Employers may not make the self-managed
18 plan available earlier than January 1, 1998. An employee's
19 participation in any other retirement program administered by
20 the System under this Article shall terminate on the date that
21 participation in the self-managed plan begins.

22 An employee who participates ~~has elected to participate~~ in
23 the self-managed plan under this Section must continue
24 participation while employed in an eligible position, and may
25 not participate in any other retirement program administered by
26 the System under this Article while employed by that employer

1 or any other employer that has adopted the self-managed plan,
2 unless the self-managed plan is terminated in accordance with
3 subsection (i).

4 Notwithstanding any other provision of this Article, a Tier
5 2 member shall have the option to enroll in the self-managed
6 plan.

7 Participation in the self-managed plan under this Section
8 shall constitute membership in the State Universities
9 Retirement System.

10 A participant under this Section shall be entitled to the
11 benefits of Article 20 of this Code.

12 (f) Establishment of Initial Account Balance. If at the
13 time an employee elects to participate in the self-managed plan
14 he or she has rights and credits in the System due to previous
15 participation in the traditional benefit package, the System
16 shall establish for the employee an opening account balance in
17 the self-managed plan, equal to the amount of contribution
18 refund that the employee would be eligible to receive under
19 Section 15-154 if the employee terminated employment on that
20 date and elected a refund of contributions, except that this
21 hypothetical refund shall include interest at the effective
22 rate for the respective years. The System shall transfer assets
23 from the defined benefit retirement program to the self-managed
24 plan, as a tax free transfer in accordance with Internal
25 Revenue Service guidelines, for purposes of funding the
26 employee's opening account balance.

1 (g) No Duplication of Service Credit. Notwithstanding any
2 other provision of this Article, an employee may not purchase
3 or receive service or service credit applicable to any other
4 retirement program administered by the System under this
5 Article for any period during which the employee was a
6 participant in the self-managed plan established under this
7 Section.

8 (h) Contributions.

9 (1) The self-managed plan shall be funded by
10 contributions from employees participating in the
11 self-managed plan and employer contributions as provided
12 in this Section.

13 (A) Before the effective date of this amendatory
14 Act of the 99th General Assembly, the ~~The~~ contribution
15 rate for employees participating in the self-managed
16 plan under this Section shall be equal to the employee
17 contribution rate for other participants in the
18 System, as provided in Section 15-157. This required
19 contribution shall be made as an "employer pick-up"
20 under Section 414(h) of the Internal Revenue Code of
21 1986 or any successor Section thereof. Any employee
22 participating in the System's traditional benefit
23 package prior to his or her election to participate in
24 the self-managed plan shall continue to have the
25 employer pick up the contributions required under
26 Section 15-157. However, the amounts picked up after

1 the election of the self-managed plan shall be remitted
2 to and treated as assets of the self-managed plan. In
3 no event shall an employee have an option of receiving
4 these amounts in cash. Employees may make additional
5 contributions to the self-managed plan in accordance
6 with procedures prescribed by the System, to the extent
7 permitted under rules prescribed by the System.

8 (B) On and after the effective date of this
9 amendatory Act of the 99th General Assembly, the
10 contribution rate for participants in the self-managed
11 plan shall be:

12 (i) for a participant who does not file an
13 election under subsection (e) of this Section, 6%
14 of the amount of earnings in excess of the limit
15 specified in 15-112.1 for that year, in addition to
16 the amount specified under subsection (h) of
17 Section 15-157 for that year; or

18 (ii) for a participant who files an election
19 under subsection (e) of this Section, 8% of any
20 amount of earnings up to and including the limit
21 specified in Section 15-112.1 for that year and 6%
22 of any amount of earnings in excess of that limit
23 for that year.

24 This required contribution shall be made as an
25 employer pick-up under Section 414(h) of the Internal
26 Revenue Code of 1986 or any successor Section thereof.

1 Any participant in the System's traditional benefit
2 package prior to his or her election to participate in
3 the self-managed plan shall continue to have the
4 employer pick up the contributions required under
5 Section 15-157. However, the amounts picked up after
6 the election of the self-managed plan shall be remitted
7 to and treated as assets of the self-managed plan. In
8 no event shall a participant have the option of
9 receiving these amounts in cash.

10 Participants may make additional contributions to
11 the self-managed plan in accordance with procedures
12 prescribed by the System, to the extent permitted under
13 rules adopted by the System.

14 (2) The program shall provide for employer and State
15 contributions to the self-managed plan in the following
16 amounts:

17 (i) for a member who does not file an election
18 under subsection (e) of this Section, 3% of the amount
19 of earnings in excess of the limit specified in Section
20 15-112.1 for that year, to be paid by the actual
21 employer; and

22 (ii) for a member who files an election under
23 subsection (e) of this Section, 7.1% of any amount of
24 earnings up to and including the limit specified in
25 Section 15-112.1 for that year, to be paid by the
26 State, and 3% of any amount of earnings in excess of

1 that limit for that year, to be paid by the actual
2 employer.

3 The program shall provide for these employer and State
4 contributions to be credited to each self-managed plan
5 participant ~~at a rate of 7.6% of the participating~~
6 ~~employee's salary~~, less the amount used by the System to
7 provide disability benefits for the employee. The amounts
8 so credited shall be paid into the participant's
9 self-managed plan accounts in a manner to be prescribed by
10 the System.

11 (3) An amount of employer contribution, not exceeding
12 1% of the participating employee's salary, shall be used
13 for the purpose of providing the disability benefits of the
14 System to the employee. Prior to the beginning of each plan
15 year under the self-managed plan, the Board of Trustees
16 shall determine, as a percentage of salary, the amount of
17 employer contributions to be allocated during that plan
18 year for providing disability benefits for employees in the
19 self-managed plan.

20 (4) The State of Illinois shall make contributions by
21 appropriations to the System of the employer contributions
22 required for employees who participate in the self-managed
23 plan under this Section. The amount required shall be
24 certified by the Board of Trustees of the System and paid
25 by the State in accordance with Section 15-165. The System
26 shall not be obligated to remit the required employer

1 contributions to any of the insurance and annuity
2 companies, mutual fund companies, banks, trust companies,
3 financial institutions, or other sponsors of any of the
4 funding vehicles offered under the self-managed plan until
5 it has received the required employer contributions from
6 the State. In the event of a deficiency in the amount of
7 State contributions, the System shall implement those
8 procedures described in subsection (c) of Section 15-165 to
9 obtain the required funding from the General Revenue Fund.

10 (i) Termination. The self-managed plan authorized under
11 this Section may be terminated by the System, subject to the
12 terms of any relevant contracts, and the System shall have no
13 obligation to reestablish the self-managed plan under this
14 Section. This Section does not create a right to continued
15 participation in any self-managed plan set up by the System
16 under this Section. If the self-managed plan is terminated, the
17 participants shall have the right to participate in one of the
18 other retirement programs offered by the System and receive
19 service credit in such other retirement program for any years
20 of employment following the termination.

21 (j) Vesting; Withdrawal; Return to Service. A participant
22 in the self-managed plan becomes vested in the employer
23 contributions credited to his or her accounts in the
24 self-managed plan on the earliest to occur of the following:
25 (1) completion of 5 years of service with an employer described
26 in Section 15-106; (2) the death of the participating employee

1 while employed by an employer described in Section 15-106, if
2 the participant has completed at least 1 1/2 years of service;
3 or (3) the participant's election to retire and apply the
4 reciprocal provisions of Article 20 of this Code.

5 A participant in the self-managed plan who receives a
6 distribution of his or her vested amounts from the self-managed
7 plan while not yet eligible for retirement under this Article
8 (and Article 20, if applicable) shall forfeit all service
9 credit and accrued rights in the System; if subsequently
10 re-employed, the participant shall be considered a new
11 employee. If a former participant again becomes a participating
12 employee (or becomes employed by a participating system under
13 Article 20 of this Code) and continues as such for at least 2
14 years, all such rights, service credits, and previous status as
15 a participant shall be restored upon repayment of the amount of
16 the distribution, without interest.

17 (k) Benefit amounts. If an employee who is vested in
18 employer contributions terminates employment, the employee
19 shall be entitled to a benefit which is based on the account
20 values attributable to both employer and employee
21 contributions and any investment return thereon.

22 If an employee who is not vested in employer contributions
23 terminates employment, the employee shall be entitled to a
24 benefit based solely on the account values attributable to the
25 employee's contributions and any investment return thereon,
26 and the employer contributions and any investment return

1 thereon shall be forfeited. Any employer contributions which
2 are forfeited shall be held in escrow by the company investing
3 those contributions and shall be used as directed by the System
4 for future allocations of employer contributions or for the
5 restoration of amounts previously forfeited by former
6 participants who again become participating employees.

7 (Source: P.A. 98-92, eff. 7-16-13.)

8 (40 ILCS 5/15-165.1 new)

9 Sec. 15-165.1. To calculate the normal cost of benefits. To
10 calculate the normal cost of each plan offered by the System as
11 a percentage of earnings and to update those amounts at least
12 every 3 years.

13 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

14 Sec. 16-121. Salary. "Salary": The actual compensation
15 received by a teacher during any school year and recognized by
16 the system in accordance with rules of the board. For purposes
17 of this Section, "school year" includes the regular school term
18 plus any additional period for which a teacher is compensated
19 and such compensation is recognized by the rules of the board.
20 Notwithstanding any other provision of this Section, "salary",
21 except as used in Section 16-158.3, does not include any future
22 increase in income due to a provision in a collectively
23 bargained contract that grants an increase in salary based on a
24 teacher's expected date of retirement. The changes made to this

1 Section by this amendatory Act of the 99th General Assembly do
2 not apply to a teacher who is covered by a collective
3 bargaining agreement or employment contract that is in effect
4 on the effective date of this amendatory Act of the 99th
5 General Assembly and that provides for such increases, until
6 that agreement or contract expires or is amended or renewed.

7 In the case of a person who first becomes a member on or
8 after the effective date of this amendatory Act of the 98th
9 General Assembly, "salary" shall not include any payment for
10 unused sick or vacation time.

11 Notwithstanding any other provision of this Code, the
12 annual salary of a Tier 1 member for the purposes of this Code
13 shall not exceed, for periods of service on or after the
14 effective date of this amendatory Act of the 98th General
15 Assembly, the greater of (i) the annual limitation determined
16 from time to time under subsection (b-5) of Section 1-160 of
17 this Code, (ii) the annualized salary of the Tier 1 member on
18 that effective date, or (iii) the annualized salary of the Tier
19 1 member immediately preceding the expiration, renewal, or
20 amendment of an employment contract or collective bargaining
21 agreement in effect on that effective date.

22 (Source: P.A. 98-599, eff. 6-1-14.)

23 (40 ILCS 5/16-121.1 new)

24 Sec. 16-121.1. Limitation on salary. For the purpose of
25 calculating traditional benefit package benefits and

1 contributions, the annual earnings, salary, or wages of a
2 member shall not exceed the greater of (i) the amount specified
3 under subsection (b-5) of Section 1-160 or (ii) the annual
4 salary of the member during the 365 days immediately before the
5 effective date of this Section. If, however, an employment
6 contract that is in place on or before the effective date of
7 this Section authorizes an increase in earnings, salary, or
8 wages on or after the effective date of this Section, then the
9 annual earnings, salary, or wages of the member during the 365
10 days that immediately precede the date that the contract
11 expires may be used in lieu of the amount specified in item
12 (ii) of this Section.

13 (40 ILCS 5/16-122.2 new)

14 Sec. 16-122.2. Traditional benefit package. "Traditional
15 benefit package" means the defined benefit retirement program
16 maintained by the System, which includes retirement annuities
17 payable directly from the System, as provided in Sections
18 16-132, 16-133, 16-133.1, and 16-136; survivor's annuities
19 payable directly from the System, as provided in Sections
20 16-140, 16-141, 16-142, 16-142.1, 16-142.2, 16-142.3, 16-143,
21 and 16-143.1; and contribution refunds, as provided in Section
22 16-151.

23 (40 ILCS 5/16-122.3 new)

24 Sec. 16-122.3. Self-managed plan. "Self-managed plan"

1 means the defined contribution retirement program maintained
2 by the System, as described in Section 16-158.3. The
3 self-managed plan does not include retirement annuities or
4 survivor's benefits payable directly from the System, as
5 provided in Sections 16-132, 16-133, 16-133.1, 16-136, 16-140,
6 16-141, 16-142, 16-142.1, 16-142.2, 16-142.3, 16-143, and
7 16-143.1 or refunds determined under Section 16-151.

8 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

9 Sec. 16-152. Contributions by members.

10 (a) Except as provided in subsection (a-5), each member
11 shall make contributions for membership service to this System
12 as follows:

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

16 (2) Effective July 1, 1969 and, in the case of Tier 1
17 members, ending on June 30, 2014, contributions of 1/2 of
18 1% of salary toward the cost of the automatic annual
19 increase in retirement annuity provided under Section
20 16-133.1.

21 (3) Effective July 24, 1959, contributions of 1% of
22 salary towards the cost of survivor benefits. Such
23 contributions shall not be credited to the individual
24 account of the member and shall not be subject to refund
25 except as provided under Section 16-143.2.

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

7 (a-5) Beginning July 1, 2014, in lieu of the contribution
8 otherwise required under paragraph (1) of subsection (a), each
9 Tier 1 member shall contribute 7% of salary towards the cost of
10 the retirement annuity. Contributions made pursuant to this
11 subsection (a-5) shall be deemed "normal contributions".

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

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

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

26 (e) A member's contributions toward the cost of early

1 retirement without discount made under item (a)(4) of this
2 Section shall not be refunded if the member has elected early
3 retirement without discount under Section 16-133.2 and has
4 begun to receive a retirement annuity under this Article
5 calculated in accordance with that election. Otherwise, a
6 member's contributions toward the cost of early retirement
7 without discount made under item (a)(4) of this Section shall
8 be refunded according to whichever one of the following
9 circumstances occurs first:

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

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

17 (3) The contributions shall be refunded to the member's
18 designated beneficiary (or if there is no beneficiary, to
19 the member's estate), without interest, if the member dies
20 without having begun to receive a retirement annuity under
21 this Article.

22 (4) The contributions shall be refunded to the member,
23 without interest, if the early retirement without discount
24 option provided under subsection (d) of Section 16-133.2 is
25 terminated. In that event, the System shall provide to the
26 member, within 120 days after the option is terminated, an

1 application for a refund of those contributions.

2 (f) Notwithstanding any provision of this Code to the
3 contrary, (i) for a member who does not file an election under
4 subsection (a-5) of Section 16-158.3, any contributions on
5 amounts of salary in excess of the limit specified in Section
6 16-121.1 for that year shall instead be used to finance
7 self-managed plan benefits and (ii) for a member who files an
8 election under subsection (a-5) of Section 16-158.3, any
9 contributions made after the date of the election, including
10 the contributions for a survivor's annuity, shall be used to
11 finance the benefits under Section 16-158.3. Notwithstanding
12 any provision of this Code to the contrary, a member who does
13 not file an election under subsection (a-5) of Section 16-158.3
14 shall contribute towards the traditional benefit package a
15 percentage of salary equal to the greater of (i) one-half of
16 the normal cost of the traditional benefit package or (ii) 6%
17 of salary.

18 (Source: P.A. 98-42, eff. 6-28-13; 98-92, eff. 7-16-13; 98-599,
19 eff. 6-1-14.)

20 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

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

23 (a) The State shall make contributions to the System by
24 means of appropriations from the Common School Fund and other
25 State funds of amounts which, together with other employer

1 contributions, employee contributions, investment income, and
2 other income, will be sufficient to meet the cost of
3 maintaining and administering the System on a 100% funded basis
4 in accordance with actuarial recommendations ~~by the end of~~
5 ~~State fiscal year 2044.~~

6 The Board shall determine the amount of State contributions
7 required for each fiscal year on the basis of the actuarial
8 tables and other assumptions adopted by the Board and the
9 recommendations of the actuary, using the formula in subsection
10 (b-3).

11 (a-1) Annually, on or before November 15 through November
12 15, 2011, the Board shall certify to the Governor the amount of
13 the required State contribution for the coming fiscal year. The
14 certification under this subsection (a-1) shall include a copy
15 of the actuarial recommendations upon which it is based.

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

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

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

7 (a-5) On or before November 1 of each year, beginning
8 November 1, 2012, the Board shall submit to the State Actuary,
9 the Governor, and the General Assembly a proposed certification
10 of the amount of the required State contribution to the System
11 for the next fiscal year, along with all of the actuarial
12 assumptions, calculations, and data upon which that proposed
13 certification is based. On or before January 1 of each year,
14 beginning January 1, 2013, the State Actuary shall issue a
15 preliminary report concerning the proposed certification and
16 identifying, if necessary, recommended changes in actuarial
17 assumptions that the Board must consider before finalizing its
18 certification of the required State contributions.

19 On or before January 15, 2013 and each January 15
20 thereafter, the Board shall certify to the Governor and the
21 General Assembly the amount of the required State contribution
22 for the next fiscal year. The certification shall include a
23 copy of the actuarial recommendations upon which it is based
24 and shall specifically identify the System's projected State
25 normal cost for that fiscal year. The Board's certification
26 must note any deviations from the State Actuary's recommended

1 changes, the reason or reasons for not following the State
2 Actuary's recommended changes, and the fiscal impact of not
3 following the State Actuary's recommended changes on the
4 required State contribution.

5 (a-10) For purposes of Section (c-5) of Section 20 of the
6 Budget Stabilization Act, on or before November 1 of each year
7 beginning November 1, 2014, the Board shall determine the
8 amount of the State contribution to the System that would have
9 been required for the next fiscal year if this amendatory Act
10 of the 98th General Assembly had not taken effect, using the
11 best and most recent available data but based on the law in
12 effect on May 31, 2014. The Board shall submit to the State
13 Actuary, the Governor, and the General Assembly a proposed
14 certification, along with the relevant law, actuarial
15 assumptions, calculations, and data upon which that
16 certification is based. On or before January 1, 2015 and every
17 January 1 thereafter, the State Actuary shall issue a
18 preliminary report concerning the proposed certification and
19 identifying, if necessary, recommended changes in actuarial
20 assumptions that the Board must consider before finalizing its
21 certification. On or before January 15, 2015 and every January
22 1 thereafter, the Board shall certify to the Governor and the
23 General Assembly the amount of the State contribution to the
24 System that would have been required for the next fiscal year
25 if this amendatory Act of the 98th General Assembly had not
26 taken effect, using the best and most recent available data but

1 based on the law in effect on May 31, 2014. The Board's
2 certification must note any deviations from the State Actuary's
3 recommended changes, the reason or reasons for not following
4 the State Actuary's recommended changes, and the impact of not
5 following the State Actuary's recommended changes.

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

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

23 If in any month the amount remaining unexpended from all
24 other appropriations to the System for the applicable fiscal
25 year (including the appropriations to the System under Section
26 8.12 of the State Finance Act and Section 1 of the State

1 Pension Funds Continuing Appropriation Act) is less than the
2 amount lawfully vouchered under this subsection, the
3 difference shall be paid from the Common School Fund under the
4 continuing appropriation authority provided in Section 1.1 of
5 the State Pension Funds Continuing Appropriation Act.

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

9 ~~(b-3) For State fiscal years 2015 through 2044, the minimum~~
10 ~~contribution to the System to be made by the State for each~~
11 ~~fiscal year shall be an amount determined by the System to be~~
12 ~~equal to the sum of (1) the State's portion of the projected~~
13 ~~normal cost for that fiscal year, plus (2) an amount sufficient~~
14 ~~to bring the total assets of the System up to 100% of the total~~
15 ~~actuarial liabilities of the System by the end of State fiscal~~
16 ~~year 2044. In making these determinations, the required State~~
17 ~~contribution shall be calculated each year as a level~~
18 ~~percentage of payroll over the years remaining to and including~~
19 ~~fiscal year 2044 and shall be determined under the projected~~
20 ~~unit cost method for fiscal year 2015 and under the entry age~~
21 ~~normal actuarial cost method for fiscal years 2016 through~~
22 ~~2044.~~ For State fiscal years 2012 through 2045 ~~2014~~, the
23 minimum contribution to the System to be made by the State for
24 each fiscal year shall be an amount determined by the System to
25 be sufficient to bring the total assets of the System up to
26 100% ~~90%~~ of the total actuarial liabilities of the System by

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

7 Pursuant to Article XIII, Section 5 of the Illinois
8 Constitution, beginning on July 1, 2015, the State shall, as a
9 retirement benefit to each participant and annuitant of the
10 System be contractually obligated to the System (as a fiduciary
11 and trustee of the participants and annuitants) to pay the
12 Annual Required State Contribution, as determined by the Board
13 of the System using generally accepted actuarial principles, as
14 is necessary to bring the total assets of the System up to 100%
15 of the total actuarial liabilities of the System by the end of
16 State fiscal year 2045. As a further retirement benefit and
17 contractual obligation, each fiscal year, the State shall pay
18 to the System the Annual Required State Contribution certified
19 by the Board for that fiscal year. Payments of the Annual
20 Required State Contribution for each fiscal year shall be made
21 in equal monthly installments. This Section, and the security
22 it provides to participants and annuitants is intended to be,
23 and is, a contractual right that is part of the pension
24 benefits provided to the participants and annuitants.
25 Notwithstanding anything to the contrary in the Court of Claims
26 Act or any other law, the System has the exclusive right to and

1 shall bring a Mandamus action in the Circuit Court of Champaign
2 County against the State to compel the State to make any
3 installment of the Annual Required State Contribution required
4 by this Section, irrespective of other remedies that may be
5 available to the System. Each member or annuitant of the System
6 has the right to bring a Mandamus action against the System in
7 the Circuit Court in any judicial district in which the System
8 maintains an office if the System fails to bring an action
9 specified in this Section, irrespective of other remedies that
10 may be available to the member or annuitant.

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

26 Notwithstanding any other provision of this Article, the

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

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

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

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

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2011 is
23 the amount recertified by the System on or before April 1, 2011
24 pursuant to subsection (a-1) of this Section and shall be made
25 from the proceeds of bonds sold in fiscal year 2011 pursuant to
26 Section 7.2 of the General Obligation Bond Act, less (i) the

1 pro rata share of bond sale expenses determined by the System's
2 share of total bond proceeds, (ii) any amounts received from
3 the Common School Fund in fiscal year 2011, and (iii) any
4 reduction in bond proceeds due to the issuance of discounted
5 bonds, if applicable. This amount shall include, in addition to
6 the amount certified by the System, an amount necessary to meet
7 employer contributions required by the State as an employer
8 under paragraph (e) of this Section, which may also be used by
9 the System for contributions required by paragraph (a) of
10 Section 16-127.

11 Beginning in State fiscal year 2046 ~~2045~~, the minimum State
12 contribution for each fiscal year shall be the amount needed to
13 maintain the total assets of the System at 100% of the total
14 actuarial liabilities of the System.

15 Amounts received by the System pursuant to Section 25 of
16 the Budget Stabilization Act or Section 8.12 of the State
17 Finance Act in any fiscal year do not reduce and do not
18 constitute payment of any portion of the minimum State
19 contribution required under this Article in that fiscal year.
20 Such amounts shall not reduce, and shall not be included in the
21 calculation of, the required State contributions under this
22 Article in any future year until the System has reached a
23 funding ratio of at least 100%. A reference in this Article to
24 the "required State contribution" or any substantially similar
25 term does not include or apply to any amounts payable to the
26 System under Section 25 of the Budget Stabilization Act.

1 Notwithstanding any other provision of this Section, the
2 required State contribution for State fiscal year 2005 and for
3 fiscal year 2008 and each fiscal year thereafter through State
4 fiscal year 2014, as calculated under this Section and
5 certified under subsection (a-1), shall not exceed an amount
6 equal to (i) the amount of the required State contribution that
7 would have been calculated under this Section for that fiscal
8 year if the System had not received any payments under
9 subsection (d) of Section 7.2 of the General Obligation Bond
10 Act, minus (ii) the portion of the State's total debt service
11 payments for that fiscal year on the bonds issued in fiscal
12 year 2003 for the purposes of that Section 7.2, as determined
13 and certified by the Comptroller, that is the same as the
14 System's portion of the total moneys distributed under
15 subsection (d) of Section 7.2 of the General Obligation Bond
16 Act. In determining this maximum for State fiscal years 2008
17 through 2010, however, the amount referred to in item (i) shall
18 be increased, as a percentage of the applicable employee
19 payroll, in equal increments calculated from the sum of the
20 required State contribution for State fiscal year 2007 plus the
21 applicable portion of the State's total debt service payments
22 for fiscal year 2007 on the bonds issued in fiscal year 2003
23 for the purposes of Section 7.2 of the General Obligation Bond
24 Act, so that, by State fiscal year 2011, the State is
25 contributing at the rate otherwise required under this Section.

26 (c) Payment of the required State contributions and of all

1 pensions, retirement annuities, death benefits, refunds, and
2 other benefits granted under or assumed by this System, and all
3 expenses in connection with the administration and operation
4 thereof, are obligations of the State.

5 If members are paid from special trust or federal funds
6 which are administered by the employing unit, whether school
7 district or other unit, the employing unit shall pay to the
8 System from such funds the full accruing retirement costs based
9 upon that service, which, beginning July 1, 2014, shall be at a
10 rate, expressed as a percentage of salary, equal to the total
11 minimum contribution to the System to be made by the State for
12 that fiscal year, including both normal cost and unfunded
13 liability components, expressed as a percentage of payroll, as
14 determined by the System under subsection (b-3) of this
15 Section. Employer contributions, based on salary paid to
16 members from federal funds, may be forwarded by the
17 distributing agency of the State of Illinois to the System
18 prior to allocation, in an amount determined in accordance with
19 guidelines established by such agency and the System. Any
20 contribution for fiscal year 2015 collected as a result of the
21 change made by this amendatory Act of the 98th General Assembly
22 shall be considered a State contribution under subsection (b-3)
23 of this Section.

24 (d) Effective July 1, 1986, any employer of a teacher as
25 defined in paragraph (8) of Section 16-106 shall pay the
26 employer's normal cost of benefits based upon the teacher's

1 service, in addition to employee contributions, as determined
2 by the System. Such employer contributions shall be forwarded
3 monthly in accordance with guidelines established by the
4 System.

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

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

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

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

26 The school district or other employing unit may pay these

1 employer contributions out of any source of funding available
2 for that purpose and shall forward the contributions to the
3 System on the schedule established for the payment of member
4 contributions.

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

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

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

20 If an employer is required by a contract in effect on May
21 1, 1998 between the employer and an employee organization to
22 pay, on behalf of all its full-time employees covered by this
23 Article, all mandatory employee contributions required under
24 this Article, then the employer shall be excused from paying
25 the employer contribution required under this subsection (e)
26 for the balance of the term of that contract. The employer and

1 the employee organization shall jointly certify to the System
2 the existence of the contractual requirement, in such form as
3 the System may prescribe. This exclusion shall cease upon the
4 termination, extension, or renewal of the contract at any time
5 after May 1, 1998.

6 (f) If the amount of a teacher's salary for any school year
7 used to determine final average salary exceeds the member's
8 annual full-time salary rate with the same employer for the
9 previous school year by more than 6%, the teacher's employer
10 shall pay to the System, in addition to all other payments
11 required under this Section and in accordance with guidelines
12 established by the System, the present value of the increase in
13 benefits resulting from the portion of the increase in salary
14 that is in excess of 6%. This present value shall be computed
15 by the System on the basis of the actuarial assumptions and
16 tables used in the most recent actuarial valuation of the
17 System that is available at the time of the computation. If a
18 teacher's salary for the 2005-2006 school year is used to
19 determine final average salary under this subsection (f), then
20 the changes made to this subsection (f) by Public Act 94-1057
21 shall apply in calculating whether the increase in his or her
22 salary is in excess of 6%. For the purposes of this Section,
23 change in employment under Section 10-21.12 of the School Code
24 on or after June 1, 2005 shall constitute a change in employer.
25 The System may require the employer to provide any pertinent
26 information or documentation. The changes made to this

1 subsection (f) by this amendatory Act of the 94th General
2 Assembly apply without regard to whether the teacher was in
3 service on or after its effective date.

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

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

1 bill.

2 (g) This subsection (g) applies only to payments made or
3 salary increases given on or after June 1, 2005 but before July
4 1, 2011. The changes made by Public Act 94-1057 shall not
5 require the System to refund any payments received before July
6 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

25 When assessing payment for any amount due under subsection
26 (f), the System shall exclude a salary increase resulting from

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

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

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

1 shall be used in assessing payment for any amount due under
2 subsection (f) of this Section.

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

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

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

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

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

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

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

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

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

7 (Source: P.A. 97-694, eff. 6-18-12; 97-813, eff. 7-13-12;
8 98-599, eff. 6-1-14; 98-674, eff. 6-30-14.)

9 (40 ILCS 5/16-158.3 new)

10 Sec. 16-158.3. Self-managed plan.

11 (a) The Teachers' Retirement System of the State of
12 Illinois must establish and administer a self-managed plan that
13 shall offer member the opportunity to accumulate assets for
14 retirement through a combination of member and State
15 contributions that may be invested in mutual funds, collective
16 investment funds, or other investment products and used to
17 purchase annuity contracts, that are fixed, variable, or a
18 combination of fixed and variable. The plan must be qualified
19 under the Internal Revenue Code of 1986.

20 The Teachers' Retirement System of the State of Illinois
21 shall be the plan sponsor for the self-managed plan and shall
22 prepare a plan document and adopt any rules and procedures that
23 are considered necessary or desirable for the administration of
24 the self-managed plan. Consistent with its fiduciary duty to
25 the members and beneficiaries of the self-managed plan, the

1 Board of Trustees of the System may delegate aspects of plan
2 administration as it sees fit to companies authorized to do
3 business in this State.

4 (a-5) A member may file an irrevocable election to transfer
5 amounts equal to the member's total contributions under the
6 traditional benefit package, with interest, to the
7 self-managed plan under this Section. By filing the election, a
8 member forfeits all accrued rights and benefits under the
9 traditional benefit package.

10 (b) Notwithstanding any other provision of this Code, (i)
11 for a member who does not file an election under subsection
12 (a-5) of this Section, any portion of his or her salary that
13 exceeds the limit specified in Section 16-121.1 for that year
14 shall be subject to the self-managed plan and (ii) for a member
15 who files an election under subsection (a-5) of this Section,
16 the entirety of the member's salary shall, after the date of
17 the election, be subject to the self-managed plan created under
18 this Section.

19 (c) The System shall solicit proposals to provide
20 administrative services and funding vehicles for the
21 self-managed plan from insurance and annuity companies and
22 mutual fund companies, banks, trust companies, or other
23 financial institutions authorized to do business in this State.
24 In reviewing the proposals received and approving and
25 contracting with no fewer than 2 and no more than 7 companies,
26 the Board of Trustees of the System shall consider, among other

1 things, the following criteria:

2 (1) the nature and extent of the benefits that would be
3 provided to the members;

4 (2) the reasonableness of the benefits in relation to
5 the premium charged;

6 (3) the suitability of the benefits to the needs and
7 interests of the members and the State; and

8 (4) the ability of the company to provide benefits
9 under the contract and the financial stability of the
10 company.

11 The System shall periodically review each approved
12 company. A company may continue to provide administrative
13 services and funding vehicles for the self-managed plan only so
14 long as it continues to be an approved company under contract
15 with the Board.

16 In addition to the companies approved by the System under
17 this subsection (c), the System may offer its members an
18 investment fund managed by the Illinois State Board of
19 Investment.

20 (d) Members in the program must be allowed to direct the
21 transfer of their account balances among the various investment
22 options offered, subject to applicable contractual provisions.
23 The member shall not be deemed a fiduciary by reason of
24 providing such investment direction. A person who is a
25 fiduciary shall not be liable for any loss resulting from that
26 investment direction and shall not be deemed to have breached

1 any fiduciary duty by acting in accordance with that direction.
2 Neither the System nor the State shall guarantee any of the
3 investments in the member's account balances.

4 (e) Participation in the self-managed plan under this
5 Section shall constitute participation in the Teachers'
6 Retirement System of the State of Illinois.

7 (f) The self-managed plan shall be funded by contributions
8 from members in the self-managed plan and State contributions
9 as provided in this Section.

10 The contribution rates for members in the self-managed plan
11 shall be:

12 (i) for a member who does not file an election under
13 subsection (a-5) of this Section, 6% of the amount of
14 salary in excess of the limit specified in Section 16-121.1
15 for that year, in addition to the amount specified under
16 subsection (f) of Section 16-152 for that year; and

17 (ii) for a member who files an election under
18 subsection (a-5) of this Section, 8% of any amount of
19 salary up to and including the limit specified in Section
20 16-121.1 for that year and 6% of any amount of salary in
21 excess of that limit for that year.

22 This required contribution shall be made as an employer
23 pick-up under Section 414(h) of the Internal Revenue Code of
24 1986 or any successor Section thereof. Any member in the
25 System's traditional benefit package prior to his or her
26 election to participate in the self-managed plan shall continue

1 to have the employer pick up the contributions required under
2 Section 16-152. However, the amounts picked up after the
3 election of the self-managed plan shall be remitted to and
4 treated as assets of the self-managed plan. In no event shall a
5 member have the option of receiving these amounts in cash.

6 Members may make additional contributions to the
7 self-managed plan in accordance with procedures prescribed by
8 the System, to the extent permitted under rules adopted by the
9 System.

10 The program shall provide for employer and State
11 contributions to the self-managed plan in the following
12 amounts:

13 (i) for a member who does not file an election under
14 subsection (a-5) of this Section, 3% of the amount of
15 salary in excess of the limit specified in Section 16-121.1
16 for that year, to be paid by the actual employer; and

17 (ii) for a member who files an election under
18 subsection (a-5) of this Section, 7.1% of any amount of
19 salary up to and including the limit specified in Section
20 16-121.1 for that year, to be paid by the State, and 3% of
21 any amount of salary in excess of that limit for that year,
22 to be paid by the actual employer.

23 The State of Illinois shall make contributions by
24 appropriations to the System for members in the self-managed
25 plan under this Section. The amount required shall be certified
26 by the Board of Trustees of the System and paid by the State in

1 accordance with Section 16-158. The System shall not be
2 obligated to remit the required State contributions to any of
3 the insurance and annuity companies, mutual fund companies,
4 banks, trust companies, financial institutions, or other
5 sponsors of any of the funding vehicles offered under the
6 self-managed plan until it has received the required State
7 contributions from the State.

8 (g) If a member in the self-managed plan who is otherwise
9 vested under this Article terminates employment, the member
10 shall be entitled to a benefit that is based on the account
11 values attributable to both State and member contributions and
12 any investment return thereon.

13 If a member in the self-managed plan who is not otherwise
14 vested under this Article terminates employment, the member
15 shall be entitled to a benefit based solely on the account
16 values attributable to the member's contributions and any
17 investment return thereon, and the State contributions and any
18 investment return thereon shall be forfeited. Any State
19 contributions that are forfeited shall be held in escrow by the
20 company investing those contributions and shall be used, as
21 directed by the System, for future allocations of State
22 contributions.

23 (40 ILCS 5/16-181.4 new)

24 Sec. 16-181.4. To calculate the normal cost of benefits. To
25 calculate the normal cost of each plan offered by the System as

1 a percentage of salary and to update those amounts at least
2 every 3 years.

3 (40 ILCS 5/18-111.1 new)

4 Sec. 18-111.1. Limitation on salary. For the purpose of
5 calculating traditional benefit package benefits and
6 contributions, the annual earnings, salary, or wages of a
7 participant shall not exceed the greater of (i) the amount
8 specified under subsection (b-5) of Section 1-160 or (ii) the
9 annual salary of the participant during the 365 days
10 immediately before the effective date of this Section.

11 (40 ILCS 5/18-118.1 new)

12 Sec. 18-118.1. Traditional benefit package. "Traditional
13 benefit package" means the defined benefit retirement program
14 maintained by the System, which includes retirement annuities
15 payable directly from the System, as provided in Sections
16 18-124, 18-125, and 18-125.1; survivor's annuities payable
17 directly from the System, as provided in Sections 18-128,
18 18-128.01, 18-128.1, 18-128.1, and 18-128.3; and contribution
19 refunds, as provided in Section 18-129.

20 (40 ILCS 5/18-118.2 new)

21 Sec. 18-118.2. Self-managed plan. "Self-managed plan"
22 means the defined contribution retirement program maintained
23 by the System, as described in Section 18-133.2. The

1 self-managed plan does not include retirement annuities or
2 survivor's benefits payable directly from the System, as
3 provided in Sections 18-124, 18-125, 18-125.1, 18-128,
4 18-128.01, 18-128.1, 18-128.1, and 18-128.3 or refunds
5 determined under Section 18-129.

6 (40 ILCS 5/18-131) (from Ch. 108 1/2, par. 18-131)

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

8 (a) The State of Illinois shall make contributions to this
9 System by appropriations of the amounts which, together with
10 the contributions of participants, net earnings on
11 investments, and other income, will meet the costs of
12 maintaining and administering this System on a 100% ~~90%~~ funded
13 basis in accordance with actuarial recommendations.

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

19 (c) For State fiscal years 2012 through 2045, the minimum
20 contribution to the System to be made by the State for each
21 fiscal year shall be an amount determined by the System to be
22 sufficient to bring the total assets of the System up to 100%
23 ~~90%~~ of the total actuarial liabilities of the System by the end
24 of State fiscal year 2045. In making these determinations, the
25 required State contribution shall be calculated each year as a

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

4 Pursuant to Article XIII, Section 5 of the Illinois
5 Constitution, beginning on July 1, 2015, the State shall, as a
6 retirement benefit to each participant and annuitant of the
7 System be contractually obligated to the System (as a fiduciary
8 and trustee of the participants and annuitants) to pay the
9 Annual Required State Contribution, as determined by the Board
10 of the System using generally accepted actuarial principles, as
11 is necessary to bring the total assets of the System up to 100%
12 of the total actuarial liabilities of the System by the end of
13 State fiscal year 2045. As a further retirement benefit and
14 contractual obligation, each fiscal year, the State shall pay
15 to the System the Annual Required State Contribution certified
16 by the Board for that fiscal year. Payments of the Annual
17 Required State Contribution for each fiscal year shall be made
18 in equal monthly installments. This Section, and the security
19 it provides to participants and annuitants is intended to be,
20 and is, a contractual right that is part of the pension
21 benefits provided to the participants and annuitants.
22 Notwithstanding anything to the contrary in the Court of Claims
23 Act or any other law, the System has the exclusive right to and
24 shall bring a Mandamus action in the Circuit Court of Champaign
25 County against the State to compel the State to make any
26 installment of the Annual Required State Contribution required

1 by this Section, irrespective of other remedies that may be
2 available to the System. Each member or annuitant of the System
3 has the right to bring a Mandamus action against the System in
4 the Circuit Court in any judicial district in which the System
5 maintains an office if the System fails to bring an action
6 specified in this Section, irrespective of other remedies that
7 may be available to the member or annuitant.

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

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

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

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

25 Notwithstanding any other provision of this Article, the
26 total required State contribution for State fiscal year 2010 is

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

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

20 Beginning in State fiscal year 2046, the minimum State
21 contribution for each fiscal year shall be the amount needed to
22 maintain the total assets of the System at 100% ~~90%~~ of the
23 total actuarial liabilities of the System.

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

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

10 Notwithstanding any other provision of this Section, the
11 required State contribution for State fiscal year 2005 and for
12 fiscal year 2008 and each fiscal year thereafter, as calculated
13 under this Section and certified under Section 18-140, shall
14 not exceed an amount equal to (i) the amount of the required
15 State contribution that would have been calculated under this
16 Section for that fiscal year if the System had not received any
17 payments under subsection (d) of Section 7.2 of the General
18 Obligation Bond Act, minus (ii) the portion of the State's
19 total debt service payments for that fiscal year on the bonds
20 issued in fiscal year 2003 for the purposes of that Section
21 7.2, as determined and certified by the Comptroller, that is
22 the same as the System's portion of the total moneys
23 distributed under subsection (d) of Section 7.2 of the General
24 Obligation Bond Act. In determining this maximum for State
25 fiscal years 2008 through 2010, however, the amount referred to
26 in item (i) shall be increased, as a percentage of the

1 applicable employee payroll, in equal increments calculated
2 from the sum of the required State contribution for State
3 fiscal year 2007 plus the applicable portion of the State's
4 total debt service payments for fiscal year 2007 on the bonds
5 issued in fiscal year 2003 for the purposes of Section 7.2 of
6 the General Obligation Bond Act, so that, by State fiscal year
7 2011, the State is contributing at the rate otherwise required
8 under this Section.

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

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

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

24 (Source: P.A. 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11;
25 96-1511, eff. 1-27-11; 96-1554, eff. 3-18-11; 97-813, eff.
26 7-13-12.)

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

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

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

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

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

1 this subdivision (a) (2).

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

1 (a) (3).

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

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

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

21 (e) Notwithstanding any provision of this Code to the
22 contrary, (i) for a participant who does not file an election
23 under subsection (a-5) of Section 18-133.2, any contributions
24 on amounts of salary in excess of the limit specified in
25 Section 18-118.1 for that year shall instead be used to finance
26 self-managed plan benefits and (ii) for a member who files an

1 election under subsection (a-5) of Section 18-133.2, any
2 contributions made after the date of the election, including
3 the contributions for a survivor's annuity, shall be used to
4 finance the benefits under Section 18-133.2. Notwithstanding
5 any provision of this Code to the contrary, a member who does
6 not file an election under subsection (a-5) of Section 18-133.2
7 shall contribute towards the traditional benefit package a
8 percentage of salary equal to the greater of (i) one-half of
9 the normal cost of the traditional benefit package or (ii) 6%
10 of salary.

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

12 (40 ILCS 5/18-133.2 new)

13 Sec. 18-133.2. Self-managed plan.

14 (a) The Judges Retirement System of Illinois must establish
15 and administer a self-managed plan that shall offer
16 participants the opportunity to accumulate assets for
17 retirement through a combination of participant and State
18 contributions that may be invested in mutual funds, collective
19 investment funds, or other investment products and used to
20 purchase annuity contracts, that are fixed, variable, or a
21 combination of fixed and variable. The plan must be qualified
22 under the Internal Revenue Code of 1986.

23 The Judges Retirement System of Illinois shall be the plan
24 sponsor for the self-managed plan and shall prepare a plan
25 document and adopt any rules and procedures that are considered

1 necessary or desirable for the administration of the
2 self-managed plan. Consistent with its fiduciary duty to the
3 participants and beneficiaries of the self-managed plan, the
4 Board of Trustees of the System may delegate aspects of plan
5 administration as it sees fit to companies authorized to do
6 business in this State.

7 (a-5) A participant may file an irrevocable election to
8 transfer amounts equal to the participant's total
9 contributions under the traditional benefit package, with
10 interest, to the self-managed plan under this Section. By
11 filing the election, a participant forfeits all accrued rights
12 and benefits under the traditional benefit package.

13 (b) Notwithstanding any other provision of this Code, (i)
14 for a participant who does not file an election under
15 subsection (a-5) of this Section, any portion of his or her
16 salary that exceeds the limit specified in Section 18-111.1 for
17 that year shall be subject to the self-managed plan and (ii)
18 for a participant who files an election under subsection (a-5)
19 of this Section, the entirety of the participant's salary
20 shall, after the date of the election, be subject to the
21 self-managed plan created under this Section.

22 (c) The System shall solicit proposals to provide
23 administrative services and funding vehicles for the
24 self-managed plan from insurance and annuity companies and
25 mutual fund companies, banks, trust companies, or other
26 financial institutions authorized to do business in this State.

1 In reviewing the proposals received and approving and
2 contracting with no fewer than 2 and no more than 7 companies,
3 the Board of Trustees of the System shall consider, among other
4 things, the following criteria:

5 (1) the nature and extent of the benefits that would be
6 provided to the participants;

7 (2) the reasonableness of the benefits in relation to
8 the premium charged;

9 (3) the suitability of the benefits to the needs and
10 interests of the participants and the State; and

11 (4) the ability of the company to provide benefits
12 under the contract and the financial stability of the
13 company.

14 The System shall periodically review each approved
15 company. A company may continue to provide administrative
16 services and funding vehicles for the self-managed plan only so
17 long as it continues to be an approved company under contract
18 with the Board.

19 In addition to the companies approved by the System under
20 this subsection (c), the System may offer its participants an
21 investment fund managed by the Illinois State Board of
22 Investment.

23 (d) Participants in the program must be allowed to direct
24 the transfer of their account balances among the various
25 investment options offered, subject to applicable contractual
26 provisions. The participant shall not be deemed a fiduciary by

1 reason of providing such investment direction. A person who is
2 a fiduciary shall not be liable for any loss resulting from
3 that investment direction and shall not be deemed to have
4 breached any fiduciary duty by acting in accordance with that
5 direction. Neither the System nor the State shall guarantee any
6 of the investments in the participant's account balances.

7 (e) Participation in the self-managed plan under this
8 Section shall constitute participation in the Judges
9 Retirement System of Illinois.

10 (f) The self-managed plan shall be funded by contributions
11 from participants in the self-managed plan and State
12 contributions as provided in this Section.

13 The contribution rates for participants in the
14 self-managed plan shall be:

15 (i) for a participant who does not file an election
16 under subsection (a-5) of this Section, 6% of the amount of
17 salary in excess of the limit specified in Section 18-111.1
18 for that year, in addition to the amount specified under
19 subsection (e) of Section 18-133 for that year; and

20 (ii) for a participant who files an election under
21 subsection (a-5) of this Section, 8% of any amount of
22 salary up to and including the limit specified in Section
23 18-111.1 for that year and 6% of any amount of salary in
24 excess of that limit for that year.

25 This required contribution shall be made as an employer
26 pick-up under Section 414(h) of the Internal Revenue Code of

1 1986 or any successor Section thereof. Any participant in the
2 System's traditional benefit package prior to his or her
3 election to participate in the self-managed plan shall continue
4 to have the employer pick up the contributions required under
5 Section 18-133. However, the amounts picked up after the
6 election of the self-managed plan shall be remitted to and
7 treated as assets of the self-managed plan. In no event shall a
8 participant have the option of receiving these amounts in cash.

9 Participants may make additional contributions to the
10 self-managed plan in accordance with procedures prescribed by
11 the System, to the extent permitted under rules adopted by the
12 System.

13 The program shall provide for State contributions to the
14 self-managed plan in the following amounts:

15 (i) for a participant who does not file an election
16 under subsection (a-5) of this Section, 3% of the amount of
17 salary in excess of the limit specified in Section 18-111.1
18 for that year; and

19 (ii) for a participant who does not file an election
20 under subsection (a-5) of this Section, 7.1% of any amount
21 of salary up to and including the limit specified in
22 Section 18-111.1 for that year and 3% of any amount of
23 salary in excess of that limit for that year.

24 The State of Illinois shall make contributions by
25 appropriations to the System for participants in the
26 self-managed plan under this Section. The amount required shall

1 be certified by the Board of Trustees of the System and paid by
2 the State in accordance with Sections 18-132 and 18-140. The
3 System shall not be obligated to remit the required State
4 contributions to any of the insurance and annuity companies,
5 mutual fund companies, banks, trust companies, financial
6 institutions, or other sponsors of any of the funding vehicles
7 offered under the self-managed plan until it has received the
8 required State contributions from the State.

9 (g) If a participant in the self-managed plan who is
10 otherwise vested under this Article terminates employment, the
11 participant shall be entitled to a benefit that is based on the
12 account values attributable to both State and participant
13 contributions and any investment return thereon.

14 If a participant in the self-managed plan who is not
15 otherwise vested under this Article terminates employment, the
16 participant shall be entitled to a benefit based solely on the
17 account values attributable to the participant's contributions
18 and any investment return thereon, and the State contributions
19 and any investment return thereon shall be forfeited. Any State
20 contributions that are forfeited shall be held in escrow by the
21 company investing those contributions and shall be used, as
22 directed by the System, for future allocations of State
23 contributions.

24 (40 ILCS 5/18-140.1 new)

25 Sec. 18-140.1. To calculate the normal cost of benefits. To

1 calculate the normal cost of each plan offered by the System as
2 a percentage of salary and to update those amounts at least
3 every 3 years.

4 Section 90. The State Mandates Act is amended by adding
5 Section 8.39 as follows:

6 (30 ILCS 805/8.39 new)

7 Sec. 8.39. Exempt mandate. Notwithstanding Sections 6 and 8
8 of this Act, no reimbursement by the State is required for the
9 implementation of any mandate created by this amendatory Act of
10 the 99th General Assembly.

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.

1

INDEX

2

Statutes amended in order of appearance

3

30 ILCS 122/20

4

30 ILCS 122/25

5

40 ILCS 5/2-103.1 new

6

40 ILCS 5/2-103.2 new

7

40 ILCS 5/2-108.2 new

8

40 ILCS 5/2-124

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

9

40 ILCS 5/2-126

from Ch. 108 1/2, par. 2-126

10

40 ILCS 5/2-126.2 new

11

40 ILCS 5/2-134.1 new

12

40 ILCS 5/14-103.10

from Ch. 108 1/2, par. 14-103.10

13

40 ILCS 5/14-103.12a new

14

40 ILCS 5/14-103.41 new

15

40 ILCS 5/14-103.42 new

16

40 ILCS 5/14-131

17

40 ILCS 5/14-133

from Ch. 108 1/2, par. 14-133

18

40 ILCS 5/14-133.2 new

19

40 ILCS 5/14-135.08a new

20

40 ILCS 5/15-111

from Ch. 108 1/2, par. 15-111

21

40 ILCS 5/15-112.1 new

22

40 ILCS 5/15-155

from Ch. 108 1/2, par. 15-155

23

40 ILCS 5/15-157

from Ch. 108 1/2, par. 15-157

24

40 ILCS 5/15-158.2

25

40 ILCS 5/15-165.1 new

1	40 ILCS 5/16-121	from Ch. 108 1/2, par. 16-121
2	40 ILCS 5/16-121.1 new	
3	40 ILCS 5/16-122.2 new	
4	40 ILCS 5/16-122.3 new	
5	40 ILCS 5/16-152	from Ch. 108 1/2, par. 16-152
6	40 ILCS 5/16-158	from Ch. 108 1/2, par. 16-158
7	40 ILCS 5/16-158.3 new	
8	40 ILCS 5/16-181.4 new	
9	40 ILCS 5/18-111.1 new	
10	40 ILCS 5/18-118.1 new	
11	40 ILCS 5/18-118.2 new	
12	40 ILCS 5/18-131	from Ch. 108 1/2, par. 18-131
13	40 ILCS 5/18-133	from Ch. 108 1/2, par. 18-133
14	40 ILCS 5/18-133.2 new	
15	40 ILCS 5/18-140.1 new	
16	30 ILCS 805/8.39 new	