



Rep. Barbara Flynn Currie

Filed: 8/17/2012

09700SB3168ham003

LRB097 19119 JDS 71317 a

1 AMENDMENT TO SENATE BILL 3168

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 3168, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5 "Section 10. The State Employees Group Insurance Act of  
6 1971 is amended by adding Section 6.16 as follows:

7 (5 ILCS 375/6.16 new)

8 Sec. 6.16. Health benefit election for Tier I employees and  
9 Tier I retirees.

10 (a) For purposes of this Section:

11 "Eligible Tier I employee" means an individual who makes or  
12 is deemed to have made an election under paragraph (1) of  
13 subsection (a) of Section 2-110.3 of the Illinois Pension Code.

14 "Eligible Tier I retiree" means an individual who makes or  
15 is deemed to have made an election under paragraph (1) of  
16 subsection (a-5) of Section 2-110.3 of the Illinois Pension

1 Code.

2 "Program of health benefits" means (i) a health plan, as  
3 defined in subsection (o) of Section 3 of this Act, that is  
4 designed and contracted for by the Director under this Act or  
5 any successor Act or (ii) if administration of that health plan  
6 is transferred to a trust established by the State or an  
7 independent Board in order to provide health benefits to a  
8 class of a persons that includes eligible Tier I retirees, then  
9 the plan of health benefits provided through that trust.

10 (b) As adequate and legal consideration for making the  
11 election under paragraph (1) of subsection (a) or (a-5) of  
12 Section 2-110.3 of the Illinois Pension Code, each eligible  
13 Tier I employee and each eligible Tier I retiree shall receive  
14 a vested and enforceable contractual right to participate in a  
15 program of health benefits while he or she qualifies as an  
16 annuitant or retired employee. That right also extends to such  
17 a person's dependents and survivors who are eligible under the  
18 applicable program of health benefits.

19 (c) Notwithstanding subsection (b), eligible Tier I  
20 employees and eligible Tier I retirees may be required to make  
21 contributions toward the cost of coverage under a program of  
22 health benefits.

23 (d) The vested and enforceable contractual right to a  
24 program of health benefits is not offered as, and shall not be  
25 considered, a pension benefit under Article XIII, Section 5 of  
26 the Illinois Constitution, the Illinois Pension Code, or any

1 subsequent or successor enactment providing pension benefits.

2 (e) Notwithstanding any other provision of this Act, a Tier  
3 I employee or Tier I retiree who has made an election under  
4 paragraph (2) of subsection (a) or (a-5) of Section 2-110.3 of  
5 the Illinois Pension Code shall not be entitled to participate  
6 in the program of health benefits as an annuitant, dependent,  
7 survivor, or retired employee receiving a retirement annuity,  
8 regardless of any contrary election pursuant to any of those  
9 Sections under any other retirement system.

10 Notwithstanding any other provision of this Act, a Tier I  
11 employee who is not entitled to participate in the program of  
12 health benefits as an annuitant, dependent, survivor, or  
13 retired employee receiving a retirement annuity, due to an  
14 election under paragraph (2) of subsection (a) or (a-5) of  
15 Section 2-110.3 of the Illinois Pension Code shall not be  
16 required to make contributions toward the program of health  
17 benefits while he or she is an employee or active contributor.  
18 However, an active employee may be required to make  
19 contributions toward health benefits he or she receives during  
20 active employment.

21 (f) The Department shall coordinate with the General  
22 Assembly Retirement System to provide information concerning  
23 the impact of the election of health benefits. Each System  
24 shall include information prepared by the Department in the  
25 required election packet. The Department shall make  
26 information available to Tier I employees and Tier I retirees

1 through video materials, group presentations, consultation by  
2 telephone or other electronic means, or any combination of  
3 these methods.

4 (g) Notwithstanding any other law, a person who first  
5 becomes a member of the General Assembly, Governor, Lieutenant  
6 Governor, Secretary of State, Treasurer, Comptroller, Attorney  
7 General, Clerk or Assistant Clerk of the House of  
8 Representatives, Secretary or Assistant Secretary of the  
9 Senate, or any combination thereof, on or after the effective  
10 date of this amendatory Act of the 97th General Assembly shall  
11 not be eligible for any benefit under this Act if that benefit  
12 arose from his or her service in that capacity and if he or she  
13 is no longer serving in that capacity.

14 Section 15. The Governor's Office of Management and Budget  
15 Act is amended by changing Sections 7 and 8 as follows:

16 (20 ILCS 3005/7) (from Ch. 127, par. 417)

17 Sec. 7. All statements and estimates of expenditures  
18 submitted to the Office in connection with the preparation of a  
19 State budget, and any other estimates of expenditures,  
20 supporting requests for appropriations, shall be formulated  
21 according to the various functions and activities for which the  
22 respective department, office or institution of the State  
23 government (including the elective officers in the executive  
24 department and including the University of Illinois and the

1 judicial department) is responsible. All such statements and  
2 estimates of expenditures relating to a particular function or  
3 activity shall be further formulated or subject to analysis in  
4 accordance with the following classification of objects:

5 (1) Personal services

6 (2) State contribution for employee group insurance

7 (3) Contractual services

8 (4) Travel

9 (5) Commodities

10 (6) Equipment

11 (7) Permanent improvements

12 (8) Land

13 (9) Electronic Data Processing

14 (10) Telecommunication services

15 (11) Operation of Automotive Equipment

16 (12) Contingencies

17 (13) Reserve

18 (14) Interest

19 (15) Awards and Grants

20 (16) Debt Retirement

21 (17) Non-cost Charges-

22 (18) State retirement contribution for annual normal cost

23 (19) State retirement contribution for unfunded accrued

24 liability.

25 (Source: P.A. 93-25, eff. 6-20-03.)

1 (20 ILCS 3005/8) (from Ch. 127, par. 418)

2 Sec. 8. When used in connection with a State budget or  
3 expenditure or estimate, items (1) through (16) in the  
4 classification of objects stated in Section 7 shall have the  
5 meanings ascribed to those items in Sections 14 through 24.7,  
6 respectively, of the State Finance Act. ~~"An Act in relation to  
7 State finance", approved June 10, 1919, as amended.~~

8 When used in connection with a State budget or expenditure  
9 or estimate, items (18) and (19) in the classification of  
10 objects stated in Section 7 shall have the meanings ascribed to  
11 those items in Sections 24.12 and 24.13, respectively, of the  
12 State Finance Act.

13 (Source: P.A. 82-325.)

14 Section 25. The State Finance Act is amended by changing  
15 Section 13 and by adding Sections 24.12 and 24.13 as follows:

16 (30 ILCS 105/13) (from Ch. 127, par. 149)

17 Sec. 13. The objects and purposes for which appropriations  
18 are made are classified and standardized by items as follows:

19 (1) Personal services;

20 (2) State contribution for employee group insurance;

21 (3) Contractual services;

22 (4) Travel;

23 (5) Commodities;

24 (6) Equipment;

- 1 (7) Permanent improvements;
- 2 (8) Land;
- 3 (9) Electronic Data Processing;
- 4 (10) Operation of automotive equipment;
- 5 (11) Telecommunications services;
- 6 (12) Contingencies;
- 7 (13) Reserve;
- 8 (14) Interest;
- 9 (15) Awards and Grants;
- 10 (16) Debt Retirement;
- 11 (17) Non-Cost Charges;
- 12 (18) State retirement contribution for annual normal cost;
- 13 (19) State retirement contribution for unfunded accrued
- 14 liability;
- 15 (20) ~~(18)~~ Purchase Contract for Real Estate.

16 When an appropriation is made to an officer, department,  
17 institution, board, commission or other agency, or to a private  
18 association or corporation, in one or more of the items above  
19 specified, such appropriation shall be construed in accordance  
20 with the definitions and limitations specified in this Act,  
21 unless the appropriation act otherwise provides.

22 An appropriation for a purpose other than one specified and  
23 defined in this Act may be made only as an additional, separate  
24 and distinct item, specifically stating the object and purpose  
25 thereof.

26 (Source: P.A. 84-263; 84-264.)

1 (30 ILCS 105/24.12 new)

2 Sec. 24.12. "State retirement contribution for annual  
3 normal cost" defined. The term "State retirement contribution  
4 for annual normal cost" means the portion of the total required  
5 State contribution to a retirement system for a fiscal year  
6 that represents the State's portion of the System's projected  
7 normal cost for that fiscal year, as determined and certified  
8 by the board of trustees of the retirement system in  
9 conformance with the applicable provisions of the Illinois  
10 Pension Code.

11 (30 ILCS 105/24.13 new)

12 Sec. 24.13. "State retirement contribution for unfunded  
13 accrued liability" defined. The term "State retirement  
14 contribution for unfunded accrued liability" means the portion  
15 of the total required State contribution to a retirement system  
16 for a fiscal year that is not included in the State retirement  
17 contribution for annual normal cost.

18 Section 30. The Illinois Pension Code is amended by  
19 changing Sections 1-103.3, 2-105, 2-108, 2-119.1, 2-124,  
20 2-134, 7-109, 14-103.10, 14-106, 14-135.08, 15-106, 15-107,  
21 15-113.2, 15-163, 15-165, 16-106, 16-127, 16-158, and 18-140,  
22 and by adding Sections 2-105.1, 2-105.2, 2-107.9, and 2-110.3  
23 as follows:



1 (40 ILCS 5/1-103.3)

2 Sec. 1-103.3. Application of 1994 amendment; funding  
3 standard.

4 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~  
5 ~~of 1994~~ that change the method of calculating, certifying, and  
6 paying the required State contributions to the retirement  
7 systems established under Articles 2, 14, 15, 16, and 18 shall  
8 first apply to the State contributions required for State  
9 fiscal year 1996.

10 (b) (Blank). ~~The General Assembly declares that a funding~~  
11 ~~ratio (the ratio of a retirement system's total assets to its~~  
12 ~~total actuarial liabilities) of 90% is an appropriate goal for~~  
13 ~~State funded retirement systems in Illinois, and it finds that~~  
14 ~~a funding ratio of 90% is now the generally recognized norm~~  
15 ~~throughout the nation for public employee retirement systems~~  
16 ~~that are considered to be financially secure and funded in an~~  
17 ~~appropriate and responsible manner.~~

18 (c) Every 5 years, beginning in 1999, the Commission on  
19 Government Forecasting and Accountability, in consultation  
20 with the affected retirement systems and the Governor's Office  
21 of Management and Budget (formerly Bureau of the Budget), shall  
22 consider and determine whether the funding goals ~~90% funding~~  
23 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code  
24 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate  
25 funding goals ~~goal~~ for State-funded retirement systems in

1 Illinois, and it shall report its findings and recommendations  
2 on this subject to the Governor and the General Assembly.

3 (Source: P.A. 93-1067, eff. 1-15-05.)

4 (40 ILCS 5/2-105) (from Ch. 108 1/2, par. 2-105)

5 Sec. 2-105. Member. "Member": Members of the General  
6 Assembly of this State including persons who enter military  
7 service while a member of the General Assembly and any person  
8 serving as Governor, Lieutenant Governor, Secretary of State,  
9 Treasurer, Comptroller, or Attorney General for the period of  
10 service in such office.

11 Any person who has served for 10 or more years as Clerk or  
12 Assistant Clerk of the House of Representatives, Secretary or  
13 Assistant Secretary of the Senate, or any combination thereof,  
14 may elect to become a member of this system while thenceforth  
15 engaged in such service by filing a written election with the  
16 board. Any person so electing shall be deemed an active member  
17 of the General Assembly for the purpose of validating and  
18 transferring any service credits earned under any of the funds  
19 and systems established under Articles 3 through 18 of this  
20 Code.

21 Notwithstanding any other law to the contrary, a person who  
22 first becomes a member on or after the effective date of this  
23 amendatory Act of the 97th General Assembly is not entitled to  
24 be a member and is not entitled to receive any of the benefits  
25 granted under this Article.

1 (Source: P.A. 85-1008.)

2 (40 ILCS 5/2-105.1 new)

3 Sec. 2-105.1. Tier I employee. "Tier I employee": A  
4 participant who first became a participant before January 1,  
5 2011.

6 (40 ILCS 5/2-105.2 new)

7 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a  
8 former Tier I employee who is receiving a retirement annuity.

9 (40 ILCS 5/2-107.9 new)

10 Sec. 2-107.9. Future increase in income. "Future increase  
11 in income": Any increase in income in any form offered for  
12 service as a member under this Article after June 30, 2014 that  
13 would qualify as "salary", as defined under Section 2-108, but  
14 for the fact that the increase in income was offered to the  
15 member on the condition that it not qualify as salary and was  
16 accepted by the member subject to that condition.

17 (40 ILCS 5/2-108) (from Ch. 108 1/2, par. 2-108)

18 Sec. 2-108. Salary. "Salary": (1) For members of the  
19 General Assembly, the total compensation paid to the member by  
20 the State for one year of service, including the additional  
21 amounts, if any, paid to the member as an officer pursuant to  
22 Section 1 of "An Act in relation to the compensation and

1 emoluments of the members of the General Assembly", approved  
2 December 6, 1907, as now or hereafter amended.

3 (2) For the State executive officers specified in Section  
4 2-105, the total compensation paid to the member for one year  
5 of service.

6 (3) For members of the System who are participants under  
7 Section 2-117.1, or who are serving as Clerk or Assistant Clerk  
8 of the House of Representatives or Secretary or Assistant  
9 Secretary of the Senate, the total compensation paid to the  
10 member for one year of service, but not to exceed the salary of  
11 the highest salaried officer of the General Assembly.

12 However, in the event that federal law results in any  
13 participant receiving imputed income based on the value of  
14 group term life insurance provided by the State, such imputed  
15 income shall not be included in salary for the purposes of this  
16 Article.

17 Notwithstanding any other provision of this Section,  
18 "salary" does not include any future increase in income that is  
19 offered for service as a member under this Article pursuant to  
20 the requirements of subsection (c) of Section 2-110.3 and  
21 accepted by a Tier I employee, or a Tier I retiree returning to  
22 active service, who has made an election under paragraph (2) of  
23 subsection (a) or (a-5) of Section 2-110.3.

24 (Source: P.A. 86-27; 86-273; 86-1028; 86-1488.)

1       Sec. 2-110.3. Election by Tier I employees and Tier I  
2 retirees.

3       (a) Each Tier I employee shall make an irrevocable election  
4 either:

5           (1) to agree to the following:

6               (i) to have the amount of the automatic annual  
7 increases in his or her retirement annuity that are  
8 otherwise provided for in this Article calculated,  
9 instead, as provided in subsection (a-1) of Section  
10 2-119.1; and

11               (ii) to have his or her eligibility for automatic  
12 annual increases in retirement annuity postponed as  
13 provided in subsection (a-2) of Section 2-119.1 and to  
14 relinquish the additional increases provided in  
15 subsection (b) of Section 2-119.1; or

16           (2) to not agree to items (i) and (ii) as set forth in  
17 paragraph (1) of this subsection.

18       The election required under this subsection (a) shall be  
19 made by each Tier I employee no earlier than January 1, 2014  
20 and no later than May 31, 2014, except that:

21           (i) a person who becomes a Tier I employee under this  
22 Article after January 1, 2014 must make the election under  
23 this subsection (a) within 60 days after becoming a Tier I  
24 employee;

25           (ii) a person who returns to active service as a Tier I  
26 employee under this Article after January 1, 2014 and has

1 not yet made an election under this Section must make the  
2 election under this subsection (a) within 60 days after  
3 returning to active service as a Tier I employee; and

4 (iii) a person who made the election under subsection  
5 (a-5) as a Tier I retiree remains bound by that election  
6 and shall not make a later election under this subsection  
7 (a).

8 If a Tier I employee fails for any reason to make a  
9 required election under this subsection within the time  
10 specified, then the employee shall be deemed to have made the  
11 election under paragraph (2) of this subsection.

12 (a-5) Each Tier I retiree shall make an irrevocable  
13 election either:

14 (1) to agree to the following:

15 (i) to have the amount of the automatic annual  
16 increases in his or her retirement annuity that are  
17 otherwise provided for in this Article calculated,  
18 instead, as provided in subsection (a-1) of Section  
19 2-119.1; and

20 (ii) to have his or her eligibility for automatic  
21 annual increases in retirement annuity postponed as  
22 provided in subsection (a-2) of Section 2-119.1 and to  
23 relinquish the additional increases provided in  
24 subsection (b) of Section 2-119.1; or

25 (2) to not agree to items (i) and (ii) as set forth in  
26 paragraph (1) of this subsection.

1       The election required under this subsection (a-5) shall be  
2 made by each Tier I retiree no earlier than January 1, 2014 and  
3 no later than May 31, 2014, except that:

4           (i) a person who becomes a Tier I retiree under this  
5 Article on or after January 1, 2014 must make the election  
6 under this subsection (a-5) within 60 days after becoming a  
7 Tier I retiree; and

8           (ii) a person who made the election under subsection  
9 (a) as a Tier I employee remains bound by that election and  
10 shall not make a later election under this subsection  
11 (a-5).

12       If a Tier I retiree fails for any reason to make a required  
13 election under this subsection within the time specified, then  
14 the Tier I retiree shall be deemed to have made the election  
15 under paragraph (2) of this subsection.

16       (a-10) All elections under subsection (a) or (a-5) that are  
17 made or deemed to be made before June 1, 2014 shall take effect  
18 on July 1, 2014. Elections that are made or deemed to be made  
19 on or after June 1, 2014 shall take effect on the first day of  
20 the month following the month in which the election is made or  
21 deemed to be made.

22       (b) As adequate and legal consideration provided under this  
23 amendatory Act of the 97th General Assembly for making the  
24 election under paragraph (1) of subsection (a) of this Section,  
25 any future increases in income offered for service as a member  
26 under this Article to a Tier I employee who has made the

1 election under paragraph (1) of subsection (a) of this Section  
2 shall be offered expressly and irrevocably as constituting  
3 salary under Section 2-108.

4 As adequate and legal consideration provided under this  
5 amendatory Act of the 97th General Assembly for making the  
6 election under paragraph (1) of subsection (a-5) of this  
7 Section, any future increases in income offered for service as  
8 a member under this Article to a Tier I retiree who returns to  
9 active service after having made the election under paragraph  
10 (1) of subsection (a-5) of this Section shall be offered  
11 expressly and irrevocably as constituting salary under Section  
12 2-108.

13 (c) A Tier I employee who makes the election under  
14 paragraph (2) of subsection (a) of this Section shall not be  
15 subject to items (i) and (ii) set forth in paragraph (1) of  
16 subsection (a) of this Section. However, any future increases  
17 in income offered for service as a member under this Article to  
18 a Tier I employee who has made the election under paragraph (2)  
19 of subsection (a) of this Section shall be offered expressly  
20 and irrevocably as not constituting salary under Section 2-108,  
21 and the member may not accept any future increase in income  
22 that is offered in violation of this requirement.

23 A Tier I retiree who makes the election under paragraph (2)  
24 of subsection (a-5) of this Section shall not be subject to  
25 items (i) and (ii) set forth in paragraph (1) of subsection  
26 (a-5) of this Section. However, any future increases in income



1 offered for service as a member under this Article to a Tier I  
2 retiree who returns to active service and has made the election  
3 under paragraph (2) of subsection (a-5) of this Section shall  
4 be offered expressly and irrevocably as not constituting salary  
5 under Section 2-108, and the member may not accept any future  
6 increase in income that is offered in violation of this  
7 requirement.

8 (d) The System shall make a good faith effort to contact  
9 each Tier I employee and Tier I retiree subject to this  
10 Section. The System shall mail information describing the  
11 required election to each Tier I employee and Tier I retiree by  
12 United States Postal Service mail to his or her last known  
13 address on file with the System. If the Tier I employee or Tier  
14 I retiree is not responsive to other means of contact, it is  
15 sufficient for the System to publish the details of any  
16 required elections on its website or to publish those details  
17 in a regularly published newsletter or other existing public  
18 forum.

19 Tier I employees and Tier I retirees who are subject to  
20 this Section shall be provided with an election packet  
21 containing information regarding their options, as well as the  
22 forms necessary to make the required election. Upon request,  
23 the System shall offer Tier I employees and Tier I retirees an  
24 opportunity to receive information from the System before  
25 making the required election. The information may be provided  
26 through video materials, group presentations, individual

1 consultation with a member or authorized representative of the  
2 System in person or by telephone or other electronic means, or  
3 any combination of those methods. The System shall not provide  
4 advice or counseling with respect to which election a Tier I  
5 employee or Tier I retiree should make or specific to the legal  
6 or tax circumstances of or consequences to the Tier I employee  
7 or Tier I retiree.

8 The System shall inform Tier I employees and Tier I  
9 retirees in the election packet required under this subsection  
10 that the Tier I employee or Tier I retiree may also wish to  
11 obtain information and counsel relating to the election  
12 required under this Section from any other available source,  
13 including but not limited to labor organizations and private  
14 counsel.

15 In no event shall the System, its staff, or the Board be  
16 held liable for any information given to a member, beneficiary,  
17 or annuitant regarding the elections under this Section. The  
18 System shall coordinate with the Illinois Department of Central  
19 Management Services and each other retirement system  
20 administering an election in accordance with this amendatory  
21 Act of the 97th General Assembly to provide information  
22 concerning the impact of the election set forth in this  
23 Section.

24 (e) Notwithstanding any other provision of law, any future  
25 increases in income offered for service as a member must be  
26 offered expressly and irrevocably as not constituting "salary"

1 under Section 2-108 to any Tier I employee, or Tier I retiree  
2 returning to active service, who has made an election under  
3 paragraph (2) or subsection (a) or (a-5) of Section 2-110.3. A  
4 Tier I employee, or Tier I retiree returning to active service,  
5 who has made an election under paragraph (2) or subsection (a)  
6 or (a-5) of Section 2-110.3 shall not accept any future  
7 increase in income that is offered for service as a member  
8 under this Article in violation of the requirement set forth in  
9 this subsection.

10 (f) A member's election under this Section is not a  
11 prohibited election under subdivision (j)(1) of Section 1-119  
12 of this Code.

13 (g) No provision of this Section shall be interpreted in a  
14 way that would cause the System to cease to be a qualified plan  
15 under Section 401 (a) of the Internal Revenue Code of 1986.

16 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

17 Sec. 2-119.1. Automatic increase in retirement annuity.

18 (a) Except as provided in subsections (a-1) and (a-2), a A  
19 participant who retires after June 30, 1967, and who has not  
20 received an initial increase under this Section before the  
21 effective date of this amendatory Act of 1991, shall, in  
22 January or July next following the first anniversary of  
23 retirement, whichever occurs first, and in the same month of  
24 each year thereafter, but in no event prior to age 60, have the  
25 amount of the originally granted retirement annuity increased

1 as follows: for each year through 1971, 1 1/2%; for each year  
2 from 1972 through 1979, 2%; and for 1980 and each year  
3 thereafter, 3%. Annuitants who have received an initial  
4 increase under this subsection prior to the effective date of  
5 this amendatory Act of 1991 shall continue to receive their  
6 annual increases in the same month as the initial increase.

7 (a-1) Notwithstanding any other provision of this Article,  
8 for a Tier I employee or Tier I retiree who made the election  
9 under paragraph (1) of subsection (a) or (a-5) of Section  
10 2-110.3, the amount of each automatic annual increase in  
11 retirement annuity occurring on or after the effective date of  
12 that election shall be 3% or one-half of the annual unadjusted  
13 percentage increase, if any, in the Consumer Price Index-U for  
14 the 12 months ending with the preceding September, whichever is  
15 less, of the originally granted retirement annuity. For the  
16 purposes of this Section, "Consumer Price Index-U" means the  
17 index published by the Bureau of Labor Statistics of the United  
18 States Department of Labor that measures the average change in  
19 prices of goods and services purchased by all urban consumers,  
20 United States city average, all items, 1982-84 = 100.

21 (a-2) For a Tier I employee or Tier I retiree who made the  
22 election under paragraph (1) of subsection (a) or (a-5) of  
23 Section 2-110.3, the monthly retirement annuity shall first be  
24 subject to annual increases on the January 1 occurring on or  
25 next after the attainment of age 67 or the January 1 occurring  
26 on or next after the fifth anniversary of the annuity start

1 date, whichever occurs earlier. If on the effective date of the  
2 election under paragraph (1) of subsection (a-5) of Section  
3 2-110.3 a Tier I retiree has already received an annual  
4 increase under this Section but does not yet meet the new  
5 eligibility requirements of this subsection, the annual  
6 increases already received shall continue in force, but no  
7 additional annual increase shall be granted until the Tier I  
8 retiree meets the new eligibility requirements.

9 (b) Beginning January 1, 1990, for eligible participants  
10 who remain in service after attaining 20 years of creditable  
11 service, the 3% increases provided under subsection (a) shall  
12 begin to accrue on the January 1 next following the date upon  
13 which the participant (1) attains age 55, or (2) attains 20  
14 years of creditable service, whichever occurs later, and shall  
15 continue to accrue while the participant remains in service;  
16 such increases shall become payable on January 1 or July 1,  
17 whichever occurs first, next following the first anniversary of  
18 retirement. For any person who has service credit in the System  
19 for the entire period from January 15, 1969 through December  
20 31, 1992, regardless of the date of termination of service, the  
21 reference to age 55 in clause (1) of this subsection (b) shall  
22 be deemed to mean age 50.

23 This subsection (b) does not apply to any person who first  
24 becomes a member of the System after August 8, 2003 (the  
25 effective date of Public Act 93-494) or (ii) has made the  
26 election under paragraph (1) of subsection (a) or (a-5) of

1 Section 2-110.3; except that if on the effective date of the  
2 election under paragraph (1) of subsection (a-5) of Section  
3 2-110.3 a Tier I retiree has already received a retirement  
4 annuity based on any annual increases under this subsection,  
5 those annual increases under this subsection shall continue in  
6 force ~~this amendatory Act of the 93rd General Assembly.~~

7 (b-5) Notwithstanding any other provision of this Article,  
8 a participant who first becomes a participant on or after  
9 January 1, 2011 (the effective date of Public Act 96-889)  
10 shall, in January or July next following the first anniversary  
11 of retirement, whichever occurs first, and in the same month of  
12 each year thereafter, but in no event prior to age 67, have the  
13 amount of the retirement annuity then being paid increased by  
14 3% or the annual unadjusted percentage increase in the Consumer  
15 Price Index for All Urban Consumers as determined by the Public  
16 Pension Division of the Department of Insurance under  
17 subsection (a) of Section 2-108.1, whichever is less.

18 (c) The foregoing provisions relating to automatic  
19 increases are not applicable to a participant who retires  
20 before having made contributions (at the rate prescribed in  
21 Section 2-126) for automatic increases for less than the  
22 equivalent of one full year. However, in order to be eligible  
23 for the automatic increases, such a participant may make  
24 arrangements to pay to the system the amount required to bring  
25 the total contributions for the automatic increase to the  
26 equivalent of one year's contributions based upon his or her

1 last salary.

2 (d) A participant who terminated service prior to July 1,  
3 1967, with at least 14 years of service is entitled to an  
4 increase in retirement annuity beginning January, 1976, and to  
5 additional increases in January of each year thereafter.

6 The initial increase shall be 1 1/2% of the originally  
7 granted retirement annuity multiplied by the number of full  
8 years that the annuitant was in receipt of such annuity prior  
9 to January 1, 1972, plus 2% of the originally granted  
10 retirement annuity for each year after that date. The  
11 subsequent annual increases shall be at the rate of 2% of the  
12 originally granted retirement annuity for each year through  
13 1979 and at the rate of 3% for 1980 and thereafter.

14 (e) Beginning January 1, 1990, all automatic annual  
15 increases payable under this Section shall be calculated as a  
16 percentage of the total annuity payable at the time of the  
17 increase, including previous increases granted under this  
18 Article.

19 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

20 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

21 Sec. 2-124. Contributions by State.

22 (a) Except as otherwise provided in this Section, the ~~The~~  
23 State shall make contributions to the System by appropriations  
24 of amounts which, together with the contributions of  
25 participants, interest earned on investments, and other income

1 will meet the cost of maintaining and administering the System  
2 on a 90% funded basis in accordance with actuarial  
3 recommendations.

4 (b) The Board shall determine the amount of State  
5 contributions required for each fiscal year on the basis of the  
6 actuarial tables and other assumptions adopted by the Board and  
7 the prescribed rate of interest, using the formula in  
8 subsection (c).

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

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

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



1 \$4,157,000.

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

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

11 Notwithstanding any other provision of this Article, the  
12 total required State contribution for State fiscal year 2010 is  
13 \$10,454,000 and shall be made from the proceeds of bonds sold  
14 in fiscal year 2010 pursuant to Section 7.2 of the General  
15 Obligation Bond Act, less (i) the pro rata share of bond sale  
16 expenses determined by the System's share of total bond  
17 proceeds, (ii) any amounts received from the General Revenue  
18 Fund in fiscal year 2010, and (iii) any reduction in bond  
19 proceeds due to the issuance of discounted bonds, if  
20 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 Section 2-134 and shall be made from the proceeds  
25 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of  
26 the General Obligation Bond Act, less (i) the pro rata share of

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

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

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

23 Notwithstanding any other provision of this Section, the  
24 required State contribution for State fiscal year 2005 and for  
25 fiscal year 2008 and each fiscal year thereafter, as calculated  
26 under this Section and certified under Section 2-134, shall not

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

22 (c-1) If at least 50% of Tier I employees making an  
23 election under Section 2-110.3 before June 1, 2014 choose the  
24 option under paragraph (1) of subsection (a) of that Section,  
25 then:

26 (1) In lieu of the State contributions required under

1       subsection (c), for State fiscal years 2015 through 2044  
2       the minimum contribution to the System to be made by the  
3       State for each fiscal year shall be an amount determined by  
4       the System to be equal to the sum of (1) the State's  
5       portion of the projected normal cost for that fiscal year,  
6       plus (2) an amount sufficient to bring the total assets of  
7       the System up to 100% of the total actuarial liabilities of  
8       the System by the end of State fiscal year 2044. In making  
9       these determinations, the required State contribution  
10       shall be calculated each year as a level percentage of  
11       payroll over the years remaining to and including fiscal  
12       year 2044 and shall be determined under the projected unit  
13       credit actuarial cost method.

14       (2) Beginning in State fiscal year 2044, the minimum  
15       State contribution for each fiscal year shall be the amount  
16       needed to maintain the total assets of the System at 100%  
17       of the total actuarial liabilities of the System.

18       (c-2) If less than 50% of Tier I employees making an  
19       election under Section 2-110.3 before June 1, 2014 choose the  
20       option under paragraph (1) of subsection (a) of that Section,  
21       then the annual required contribution to the System to be made  
22       by the State shall be determined under subsection (c) of this  
23       Section, instead of the annual required contribution otherwise  
24       specified in subsection (c-1) of 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. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09;  
15 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff.  
16 3-18-11; revised 4-6-11.)

17 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

18 Sec. 2-134. To certify required State contributions and  
19 submit vouchers.

20 (a) The Board shall certify to the Governor on or before  
21 December 15 of each year through ~~until~~ December 15, 2011 the  
22 amount of the required State contribution to the System for the  
23 next fiscal year ~~and shall specifically identify the System's~~  
24 ~~projected State normal cost for that fiscal year.~~ The  
25 certification shall include a copy of the actuarial

1 recommendations upon which it is based ~~and shall specifically~~  
2 ~~identify the System's projected State normal cost for that~~  
3 ~~fiscal year.~~

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

16 On or before January 15, 2013 and every January 15  
17 thereafter, the Board shall certify to the Governor and the  
18 General Assembly the amount of the required State contribution  
19 for the next fiscal year. The Board's certification shall  
20 include a copy of the actuarial recommendations upon which it  
21 is based and shall specifically identify the System's projected  
22 State normal cost for that fiscal year. The Board's  
23 certification must note any deviations from the State Actuary's  
24 recommended changes, the reason or reasons for not following  
25 the State Actuary's recommended changes, and the fiscal impact  
26 of not following the State Actuary's recommended changes on the

1 required State contribution.

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

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

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

19 (b) Beginning in State fiscal year 1996, on or as soon as  
20 possible after the 15th day of each month the Board shall  
21 submit vouchers for payment of State contributions to the  
22 System, in a total monthly amount of one-twelfth of the  
23 required annual State contribution certified under subsection  
24 (a). From the effective date of this amendatory Act of the 93rd  
25 General Assembly through June 30, 2004, the Board shall not  
26 submit vouchers for the remainder of fiscal year 2004 in excess

1 of the fiscal year 2004 certified contribution amount  
2 determined under this Section after taking into consideration  
3 the transfer to the System under subsection (d) of Section  
4 6z-61 of the State Finance Act. These vouchers shall be paid by  
5 the State Comptroller and Treasurer by warrants drawn on the  
6 funds appropriated to the System for that fiscal year. If in  
7 any month the amount remaining unexpended from all other  
8 appropriations to the System for the applicable fiscal year  
9 (including the appropriations to the System under Section 8.12  
10 of the State Finance Act and Section 1 of the State Pension  
11 Funds Continuing Appropriation Act) is less than the amount  
12 lawfully vouchered under this Section, the difference shall be  
13 paid from the General Revenue Fund under the continuing  
14 appropriation authority provided in Section 1.1 of the State  
15 Pension Funds Continuing Appropriation Act.

16 (c) The full amount of any annual appropriation for the  
17 System for State fiscal year 1995 shall be transferred and made  
18 available to the System at the beginning of that fiscal year at  
19 the request of the Board. Any excess funds remaining at the end  
20 of any fiscal year from appropriations shall be retained by the  
21 System as a general reserve to meet the System's accrued  
22 liabilities.

23 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
24 97-694, eff. 6-18-12.)



1           Sec. 7-109. Employee.

2           (1) "Employee" means any person who:

3                   (a) 1. Receives earnings as payment for the performance  
4                   of personal services or official duties out of the  
5                   general fund of a municipality, or out of any special  
6                   fund or funds controlled by a municipality, or by an  
7                   instrumentality thereof, or a participating  
8                   instrumentality, including, in counties, the fees or  
9                   earnings of any county fee office; and

10                   2. Under the usual common law rules applicable in  
11                   determining the employer-employee relationship, has  
12                   the status of an employee with a municipality, or any  
13                   instrumentality thereof, or a participating  
14                   instrumentality, including aldermen, county  
15                   supervisors and other persons (excepting those  
16                   employed as independent contractors) who are paid  
17                   compensation, fees, allowances or other emolument for  
18                   official duties, and, in counties, the several county  
19                   fee offices.

20                   (b) Serves as a township treasurer appointed under the  
21                   School Code, as heretofore or hereafter amended, and who  
22                   receives for such services regular compensation as  
23                   distinguished from per diem compensation, and any regular  
24                   employee in the office of any township treasurer whether or  
25                   not his earnings are paid from the income of the permanent  
26                   township fund or from funds subject to distribution to the

1 several school districts and parts of school districts as  
2 provided in the School Code, or from both such sources; or  
3 is the chief executive officer, chief educational officer,  
4 chief fiscal officer, or other employee of a Financial  
5 Oversight Panel established pursuant to Article 1H of the  
6 School Code, other than a superintendent or certified  
7 school business official, except that such person shall not  
8 be treated as an employee under this Section if that person  
9 has negotiated with the Financial Oversight Panel, in  
10 conjunction with the school district, a contractual  
11 agreement for exclusion from this Section.

12 (c) Holds an elective office in a municipality,  
13 instrumentality thereof or participating instrumentality.

14 (2) "Employee" does not include persons who:

15 (a) Are eligible for inclusion under any of the  
16 following laws:

17 1. "An Act in relation to an Illinois State  
18 Teachers' Pension and Retirement Fund", approved May  
19 27, 1915, as amended;

20 2. Articles 15 and 16 of this Code.

21 However, such persons shall be included as employees to  
22 the extent of earnings that are not eligible for inclusion  
23 under the foregoing laws for services not of an  
24 instructional nature of any kind.

25 However, any member of the armed forces who is employed  
26 as a teacher of subjects in the Reserve Officers Training

1 Corps of any school and who is not certified under the law  
2 governing the certification of teachers shall be included  
3 as an employee.

4 (b) Are designated by the governing body of a  
5 municipality in which a pension fund is required by law to  
6 be established for policemen or firemen, respectively, as  
7 performing police or fire protection duties, except that  
8 when such persons are the heads of the police or fire  
9 department and are not eligible to be included within any  
10 such pension fund, they shall be included within this  
11 Article; provided, that such persons shall not be excluded  
12 to the extent of concurrent service and earnings not  
13 designated as being for police or fire protection duties.  
14 However, (i) any head of a police department who was a  
15 participant under this Article immediately before October  
16 1, 1977 and did not elect, under Section 3-109 of this Act,  
17 to participate in a police pension fund shall be an  
18 "employee", and (ii) any chief of police who elects to  
19 participate in this Fund under Section 3-109.1 of this  
20 Code, regardless of whether such person continues to be  
21 employed as chief of police or is employed in some other  
22 rank or capacity within the police department, shall be an  
23 employee under this Article for so long as such person is  
24 employed to perform police duties by a participating  
25 municipality and has not lawfully rescinded that election.

26 (c) After August 26, 2011 (the effective date of Public

1 ~~Act 97-609) this amendatory Act of the 97th General~~  
2 ~~Assembly,~~ are contributors to or eligible to contribute to  
3 a Taft-Hartley pension plan established on or before June  
4 1, 2011 and are employees of a theatre, arena, or  
5 convention center that is located in a municipality located  
6 in a county with a population greater than 5,000,000, and  
7 to which the participating municipality is required to  
8 contribute as the person's employer based on earnings from  
9 the municipality. Nothing in this paragraph shall affect  
10 service credit or creditable service for any period of  
11 service prior to August 26, 2011 ~~the effective date of this~~  
12 ~~amendatory Act of the 97th General Assembly,~~ and this  
13 paragraph shall not apply to individuals who are  
14 participating in the Fund prior to August 26, 2011 ~~the~~  
15 ~~effective date of this amendatory Act of the 97th General~~  
16 ~~Assembly.~~

17 (d) Become an employee of any of the following  
18 participating instrumentalities on or after the effective  
19 date of this amendatory Act of the 97th General Assembly:  
20 the Illinois Municipal League; the Illinois Association of  
21 Park Districts; the Illinois Supervisors, County  
22 Commissioners and Superintendents of Highways Association;  
23 an association, or not-for-profit corporation, membership  
24 in which is authorized under Section 85-15 of the Township  
25 Code; the United Counties Council; or the Will County  
26 Governmental League.

1           (3) All persons, including, without limitation, public  
2 defenders and probation officers, who receive earnings from  
3 general or special funds of a county for performance of  
4 personal services or official duties within the territorial  
5 limits of the county, are employees of the county (unless  
6 excluded by subsection (2) of this Section) notwithstanding  
7 that they may be appointed by and are subject to the direction  
8 of a person or persons other than a county board or a county  
9 officer. It is hereby established that an employer-employee  
10 relationship under the usual common law rules exists between  
11 such employees and the county paying their salaries by reason  
12 of the fact that the county boards fix their rates of  
13 compensation, appropriate funds for payment of their earnings  
14 and otherwise exercise control over them. This finding and this  
15 amendatory Act shall apply to all such employees from the date  
16 of appointment whether such date is prior to or after the  
17 effective date of this amendatory Act and is intended to  
18 clarify existing law pertaining to their status as  
19 participating employees in the Fund.

20       (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;  
21 revised 9-28-11.)

22           (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)  
23       Sec. 14-103.10. Compensation.

24           (a) For periods of service prior to January 1, 1978, the  
25 full rate of salary or wages payable to an employee for

1 personal services performed if he worked the full normal  
2 working period for his position, subject to the following  
3 maximum amounts: (1) prior to July 1, 1951, \$400 per month or  
4 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957  
5 inclusive, \$625 per month or \$7,500 per year; (3) beginning  
6 July 1, 1957, no limitation.

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

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

- 17 (1) for vacation,  
18 (2) for accumulated unused sick leave,  
19 (3) upon discharge or dismissal,  
20 (4) for approved holidays.

21 (c) For periods of service on or after December 16, 1978,  
22 compensation also includes any benefits, other than lump sum  
23 salary payments made at termination of employment, which an  
24 employee receives or is eligible to receive under a sick pay  
25 plan authorized by law.

26 (d) For periods of service after September 30, 1985,

1 compensation also includes any remuneration for personal  
2 services not included as "wages" under the Social Security  
3 Enabling Act, which is deducted for purposes of participation  
4 in a program established pursuant to Section 125 of the  
5 Internal Revenue Code or its successor laws.

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

- 15 (1) for vacation;
- 16 (2) for accumulated unused sick leave;
- 17 (3) upon discharge or dismissal; and
- 18 (4) for approved holidays.

19 (f) Notwithstanding the other provisions of this Section,  
20 for an employee who first becomes a participant on or after the  
21 effective date of this amendatory Act of the 97th General  
22 Assembly, "compensation" does not include any payments or  
23 reimbursements for travel vouchers.

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

1           Sec. 14-106. Membership service credit.

2           (a) After January 1, 1944, all service of a member since he  
3 last became a member with respect to which contributions are  
4 made shall count as membership service; provided, that for  
5 service on and after July 1, 1950, 12 months of service shall  
6 constitute a year of membership service, the completion of 15  
7 days or more of service during any month shall constitute 1  
8 month of membership service, 8 to 15 days shall constitute 1/2  
9 month of membership service and less than 8 days shall  
10 constitute 1/4 month of membership service. The payroll record  
11 of each department shall constitute conclusive evidence of the  
12 record of service rendered by a member.

13           (b) For a member who is employed and paid on an  
14 academic-year basis rather than on a 12-month annual basis,  
15 employment for a full academic year shall constitute a full  
16 year of membership service, except that the member shall not  
17 receive more than one year of membership service credit (plus  
18 any additional service credit granted for unused sick leave)  
19 for service during any 12-month period. This subsection (b)  
20 applies to all such service for which the member has not begun  
21 to receive a retirement annuity before January 1, 2001.

22           (c) A member who first participated in this System before  
23 the effective date of this amendatory Act of the 97th General  
24 Assembly shall be entitled to additional service credit, under  
25 rules prescribed by the Board, for accumulated unused sick  
26 leave credited to his account in the last Department on the



1 date of withdrawal from service or for any period for which he  
2 would have been eligible to receive benefits under a sick pay  
3 plan authorized by law, if he had suffered a sickness or  
4 accident on the date of withdrawal from service. It shall be  
5 the responsibility of the last Department to certify to the  
6 Board the length of time salary or benefits would have been  
7 paid to the member based upon the accumulated unused sick leave  
8 or the applicable sick pay plan if he had become entitled  
9 thereto because of sickness on the date that his status as an  
10 employee terminated. This period of service credit granted  
11 under this paragraph shall not be considered in determining the  
12 date the retirement annuity is to begin, or final average  
13 compensation.

14 Service credit is not available for unused sick leave  
15 accumulated by a person who first participates in this System  
16 on or after the effective date of this amendatory Act of the  
17 97th General Assembly.

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

19 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

20 Sec. 14-135.08. To certify required State contributions.

21 (a) To certify to the Governor and to each department, on  
22 or before November 15 of each year through ~~until~~ November 15,  
23 2011, the required rate for State contributions to the System  
24 for the next State fiscal year, as determined under subsection  
25 (b) of Section 14-131. The certification to the Governor under

1 this subsection (a) shall include a copy of the actuarial  
2 recommendations upon which the rate is based ~~and shall~~  
3 ~~specifically identify the System's projected State normal cost~~  
4 ~~for that fiscal year.~~

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

17 On or before January 15, 2013 and each January 15  
18 thereafter, the Board shall certify to the Governor and the  
19 General Assembly the amount of the required State contribution  
20 for the next fiscal year. The Board's certification shall  
21 include a copy of the actuarial recommendations upon which it  
22 is based and shall specifically identify the System's projected  
23 State normal cost for that fiscal year. The Board's  
24 certification must note any deviations from the State Actuary's  
25 recommended changes, the reason or reasons for not following  
26 the State Actuary's recommended changes, and the fiscal impact

1 of not following the State Actuary's recommended changes on the  
2 required State contribution.

3 (b) The certifications under subsections (a) and (a-5)  
4 shall include an additional amount necessary to pay all  
5 principal of and interest on those general obligation bonds due  
6 the next fiscal year authorized by Section 7.2(a) of the  
7 General Obligation Bond Act and issued to provide the proceeds  
8 deposited by the State with the System in July 2003,  
9 representing deposits other than amounts reserved under  
10 Section 7.2(c) of the General Obligation Bond Act. For State  
11 fiscal year 2005, the Board shall make a supplemental  
12 certification of the additional amount necessary to pay all  
13 principal of and interest on those general obligation bonds due  
14 in State fiscal years 2004 and 2005 authorized by Section  
15 7.2(a) of the General Obligation Bond Act and issued to provide  
16 the proceeds deposited by the State with the System in July  
17 2003, representing deposits other than amounts reserved under  
18 Section 7.2(c) of the General Obligation Bond Act, as soon as  
19 practical after the effective date of this amendatory Act of  
20 the 93rd General Assembly.

21 On or before May 1, 2004, the Board shall recalculate and  
22 recertify to the Governor and to each department the amount of  
23 the required State contribution to the System and the required  
24 rates for State contributions to the System for State fiscal  
25 year 2005, taking into account the amounts appropriated to and  
26 received by the System under subsection (d) of Section 7.2 of

1 the General Obligation Bond Act.

2 On or before July 1, 2005, the Board shall recalculate and  
3 recertify to the Governor and to each department the amount of  
4 the required State contribution to the System and the required  
5 rates for State contributions to the System for State fiscal  
6 year 2006, taking into account the changes in required State  
7 contributions made by this amendatory Act of the 94th General  
8 Assembly.

9 On or before April 1, 2011, the Board shall recalculate and  
10 recertify to the Governor and to each department the amount of  
11 the required State contribution to the System for State fiscal  
12 year 2011, applying the changes made by Public Act 96-889 to  
13 the System's assets and liabilities as of June 30, 2009 as  
14 though Public Act 96-889 was approved on that date.

15 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
16 97-694, eff. 6-18-12.)

17 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

18 Sec. 15-106. Employer. "Employer": The University of  
19 Illinois, Southern Illinois University, Chicago State  
20 University, Eastern Illinois University, Governors State  
21 University, Illinois State University, Northeastern Illinois  
22 University, Northern Illinois University, Western Illinois  
23 University, the State Board of Higher Education, the Illinois  
24 Mathematics and Science Academy, the University Civil Service  
25 Merit Board, the Board of Trustees of the State Universities

1 Retirement System, the Illinois Community College Board,  
2 community college boards, any association of community college  
3 boards organized under Section 3-55 of the Public Community  
4 College Act, the Board of Examiners established under the  
5 Illinois Public Accounting Act, and, only during the period for  
6 which employer contributions required under Section 15-155 are  
7 paid, the following organizations: the alumni associations,  
8 the foundations and the athletic associations which are  
9 affiliated with the universities and colleges included in this  
10 Section as employers. An individual that begins employment  
11 after the effective date of this amendatory Act of the 97th  
12 General Assembly with an entity not defined as an employer in  
13 this Section shall not be deemed an employee for the purposes  
14 of this Article with respect to that employment and shall not  
15 be eligible to participate in the System with respect to that  
16 employment; provided, however, that those individuals who are  
17 both employed and already participants in the System on the  
18 effective date of this amendatory Act of the 97th General  
19 Assembly shall be allowed to continue as participants in the  
20 System for the duration of that employment.

21 Notwithstanding any provision of law to the contrary, an  
22 individual who begins employment with any of the following  
23 employers on or after the effective date of this amendatory Act  
24 of the 97th General Assembly shall not be deemed an employee  
25 and shall not be eligible to participate in the System with  
26 respect to that employment: any association of community

1 college boards organized under Section 3-55 of the Public  
2 Community College Act, the Association of Illinois  
3 Middle-Grade Schools, the Illinois Association of School  
4 Administrators, the Illinois Association for Supervision and  
5 Curriculum Development, the Illinois Principals Association,  
6 the Illinois Association of School Business Officials, or the  
7 Illinois Special Olympics; provided, however, that those  
8 individuals who are both employed and already participants in  
9 the System on the effective date of this amendatory Act of the  
10 97th General Assembly shall be allowed to continue as  
11 participants in the System for the duration of that employment.

12 A department as defined in Section 14-103.04 is an employer  
13 for any person appointed by the Governor under the Civil  
14 Administrative Code of Illinois who is a participating employee  
15 as defined in Section 15-109. The Department of Central  
16 Management Services is an employer with respect to persons  
17 employed by the State Board of Higher Education in positions  
18 with the Illinois Century Network as of June 30, 2004 who  
19 remain continuously employed after that date by the Department  
20 of Central Management Services in positions with the Illinois  
21 Century Network, the Bureau of Communication and Computer  
22 Services, or, if applicable, any successor bureau.

23 The cities of Champaign and Urbana shall be considered  
24 employers, but only during the period for which contributions  
25 are required to be made under subsection (b-1) of Section  
26 15-155 and only with respect to individuals described in

1 subsection (h) of Section 15-107.

2 (Source: P.A. 95-369, eff. 8-23-07; 95-728, eff. 7-1-08 - See  
3 Sec. 999.)

4 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)  
5 Sec. 15-107. Employee.

6 (a) "Employee" means any member of the educational,  
7 administrative, secretarial, clerical, mechanical, labor or  
8 other staff of an employer whose employment is permanent and  
9 continuous or who is employed in a position in which services  
10 are expected to be rendered on a continuous basis for at least  
11 4 months or one academic term, whichever is less, who (A)  
12 receives payment for personal services on a warrant issued  
13 pursuant to a payroll voucher certified by an employer and  
14 drawn by the State Comptroller upon the State Treasurer or by  
15 an employer upon trust, federal or other funds, or (B) is on a  
16 leave of absence without pay. Employment which is irregular,  
17 intermittent or temporary shall not be considered continuous  
18 for purposes of this paragraph.

19 However, a person is not an "employee" if he or she:

20 (1) is a student enrolled in and regularly attending  
21 classes in a college or university which is an employer,  
22 and is employed on a temporary basis at less than full  
23 time;

24 (2) is currently receiving a retirement annuity or a  
25 disability retirement annuity under Section 15-153.2 from

1           this System;

2           (3) is on a military leave of absence;

3           (4) is eligible to participate in the Federal Civil  
4           Service Retirement System and is currently making  
5           contributions to that system based upon earnings paid by an  
6           employer;

7           (5) is on leave of absence without pay for more than 60  
8           days immediately following termination of disability  
9           benefits under this Article;

10          (6) is hired after June 30, 1979 as a public service  
11          employment program participant under the Federal  
12          Comprehensive Employment and Training Act and receives  
13          earnings in whole or in part from funds provided under that  
14          Act; or

15          (7) is employed on or after July 1, 1991 to perform  
16          services that are excluded by subdivision (a)(7)(f) or  
17          (a)(19) of Section 210 of the federal Social Security Act  
18          from the definition of employment given in that Section (42  
19          U.S.C. 410).

20          (b) Any employer may, by filing a written notice with the  
21          board, exclude from the definition of "employee" all persons  
22          employed pursuant to a federally funded contract entered into  
23          after July 1, 1982 with a federal military department in a  
24          program providing training in military courses to federal  
25          military personnel on a military site owned by the United  
26          States Government, if this exclusion is not prohibited by the



1 federally funded contract or federal laws or rules governing  
2 the administration of the contract.

3 (c) Any person appointed by the Governor under the Civil  
4 Administrative Code of the State is an employee, if he or she  
5 is a participant in this system on the effective date of the  
6 appointment.

7 (d) A participant on lay-off status under civil service  
8 rules is considered an employee for not more than 120 days from  
9 the date of the lay-off.

10 (e) A participant is considered an employee during (1) the  
11 first 60 days of disability leave, (2) the period, not to  
12 exceed one year, in which his or her eligibility for disability  
13 benefits is being considered by the board or reviewed by the  
14 courts, and (3) the period he or she receives disability  
15 benefits under the provisions of Section 15-152, workers'  
16 compensation or occupational disease benefits, or disability  
17 income under an insurance contract financed wholly or partially  
18 by the employer.

19 (f) Absences without pay, other than formal leaves of  
20 absence, of less than 30 calendar days, are not considered as  
21 an interruption of a person's status as an employee. If such  
22 absences during any period of 12 months exceed 30 work days,  
23 the employee status of the person is considered as interrupted  
24 as of the 31st work day.

25 (g) A staff member whose employment contract requires  
26 services during an academic term is to be considered an

1 employee during the summer and other vacation periods, unless  
2 he or she declines an employment contract for the succeeding  
3 academic term or his or her employment status is otherwise  
4 terminated, and he or she receives no earnings during these  
5 periods.

6 (h) An individual who was a participating employee employed  
7 in the fire department of the University of Illinois's  
8 Champaign-Urbana campus immediately prior to the elimination  
9 of that fire department and who immediately after the  
10 elimination of that fire department became employed by the fire  
11 department of the City of Urbana or the City of Champaign shall  
12 continue to be considered as an employee for purposes of this  
13 Article for so long as the individual remains employed as a  
14 firefighter by the City of Urbana or the City of Champaign. The  
15 individual shall cease to be considered an employee under this  
16 subsection (h) upon the first termination of the individual's  
17 employment as a firefighter by the City of Urbana or the City  
18 of Champaign.

19 (i) An individual who is employed on a full-time basis as  
20 an officer or employee of a statewide teacher organization that  
21 serves System participants or an officer of a national teacher  
22 organization that serves System participants may participate  
23 in the System and shall be deemed an employee, provided that  
24 (1) the individual has previously earned creditable service  
25 under this Article, (2) the individual files with the System an  
26 irrevocable election to become a participant before the

1 effective date of this amendatory Act of the 97th General  
2 Assembly, (3) the individual does not receive credit for that  
3 employment under any other Article of this Code, and (4) the  
4 individual first became a full-time employee of the teacher  
5 organization and becomes a participant before the effective  
6 date of this amendatory Act of the 97th General Assembly. An  
7 employee under this subsection (i) is responsible for paying to  
8 the System both (A) employee contributions based on the actual  
9 compensation received for service with the teacher  
10 organization and (B) employer contributions equal to the normal  
11 costs (as defined in Section 15-155) resulting from that  
12 service; all or any part of these contributions may be paid on  
13 the employee's behalf or picked up for tax purposes (if  
14 authorized under federal law) by the teacher organization.

15 A person who is an employee as defined in this subsection  
16 (i) may establish service credit for similar employment prior  
17 to becoming an employee under this subsection by paying to the  
18 System for that employment the contributions specified in this  
19 subsection, plus interest at the effective rate from the date  
20 of service to the date of payment. However, credit shall not be  
21 granted under this subsection for any such prior employment for  
22 which the applicant received credit under any other provision  
23 of this Code, or during which the applicant was on a leave of  
24 absence under Section 15-113.2.

25 (j) A person employed by the State Board of Higher  
26 Education in a position with the Illinois Century Network as of

1 June 30, 2004 shall be considered to be an employee for so long  
2 as he or she remains continuously employed after that date by  
3 the Department of Central Management Services in a position  
4 with the Illinois Century Network, the Bureau of Communication  
5 and Computer Services, or, if applicable, any successor bureau  
6 and meets the requirements of subsection (a).

7 (k) In the case of doubt as to whether any person is an  
8 employee within the meaning of this Section, the decision of  
9 the Board shall be final.

10 (Source: P.A. 97-651, eff. 1-5-12.)

11 (40 ILCS 5/15-113.2) (from Ch. 108 1/2, par. 15-113.2)

12 Sec. 15-113.2. Service for leaves of absence. "Service for  
13 leaves of absence" includes those periods of leaves of absence  
14 at less than 50% pay, except military leave and periods of  
15 disability leave in excess of 60 days, for which the employee  
16 pays the contributions required under Section 15-157 in  
17 accordance with rules prescribed by the board based upon the  
18 employee's basic compensation on the date the leave begins, or  
19 in the case of leave for service with a teacher organization,  
20 based upon the actual compensation received by the employee for  
21 such service after January 26, 1988, if the employee so elects  
22 within 30 days of that date or the date the leave for service  
23 with a teacher organization begins, whichever is later;  
24 provided that the employee (1) returns to employment covered by  
25 this system at the expiration of the leave, or within 30 days

1 after the termination of a disability which occurs during the  
2 leave and continues this employment at a percentage of time  
3 equal to or greater than the percentage of time immediately  
4 preceding the leave of absence for at least 8 consecutive  
5 months or a period equal to the period of the leave, whichever  
6 is less, or (2) is precluded from meeting the foregoing  
7 conditions because of disability or death. If service credit is  
8 denied because the employee fails to meet these conditions, the  
9 contributions covering the leave of absence shall be refunded  
10 without interest. The return to employment condition does not  
11 apply if the leave of absence is for service with a teacher  
12 organization.

13 Service credit provided under this Section shall not exceed  
14 3 years in any period of 10 years, unless the employee is on  
15 special leave granted by the employer for service with a  
16 teacher organization. Commencing with the fourth year in any  
17 period of 10 years, a participant on such special leave is also  
18 required to pay employer contributions equal to the normal cost  
19 as defined in Section 15-155, based upon the employee's basic  
20 compensation on the date the leave begins, or based upon the  
21 actual compensation received by the employee for service with a  
22 teacher organization if the employee has so elected.

23 Notwithstanding any other provision of this Article, a  
24 participant shall not be eligible to make contributions or  
25 receive service credit for a leave of absence for service with  
26 a teacher organization if that leave of absence for service

1 with a teacher organization begins on or after the effective  
2 date of this amendatory Act of the 97th General Assembly.

3 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

4 (40 ILCS 5/15-163) (from Ch. 108 1/2, par. 15-163)

5 Sec. 15-163. To consider applications and authorize  
6 payments.

7 To consider and pass on all certifications of employment  
8 and applications for annuities and benefits; to authorize the  
9 granting of annuities and benefits; and to limit or suspend any  
10 payment or payments, all in accordance with this Article.

11 (Source: Laws 1963, p. 161.)

12 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

13 Sec. 15-165. To certify amounts and submit vouchers.

14 (a) The Board shall certify to the Governor on or before  
15 November 15 of each year through ~~until~~ November 15, 2011 the  
16 appropriation required from State funds for the purposes of  
17 this System for the following fiscal year. The certification  
18 under this subsection (a) shall include a copy of the actuarial  
19 recommendations upon which it is based ~~and shall specifically~~  
20 ~~identify the System's projected State normal cost for that~~  
21 ~~fiscal year and the projected State cost for the self-managed~~  
22 ~~plan for that fiscal year.~~

23 On or before May 1, 2004, the Board shall recalculate and  
24 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2005, taking  
2 into account the amounts appropriated to and received by the  
3 System under subsection (d) of Section 7.2 of the General  
4 Obligation Bond Act.

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

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

16 (a-5) On or before November 1 of each year, beginning  
17 November 1, 2012, the Board shall submit to the State Actuary,  
18 the Governor, and the General Assembly a proposed certification  
19 of the amount of the required State contribution to the System  
20 for the next fiscal year, along with all of the actuarial  
21 assumptions, calculations, and data upon which that proposed  
22 certification is based. On or before January 1 of each year,  
23 beginning January 1, 2013, the State Actuary shall issue a  
24 preliminary report concerning the proposed certification and  
25 identifying, if necessary, recommended changes in actuarial  
26 assumptions that the Board must consider before finalizing its

1 certification of the required State contributions.

2 On or before January 15, 2013 and each January 15  
3 thereafter, the Board shall certify to the Governor and the  
4 General Assembly the amount of the required State contribution  
5 for the next fiscal year. The Board's certification shall  
6 include a copy of the actuarial recommendations upon which it  
7 is based and shall specifically identify the System's projected  
8 State normal cost for that fiscal year. The Board's  
9 certification must note, in a written response to the State  
10 Actuary, any deviations from the State Actuary's recommended  
11 changes, the reason or reasons for not following the State  
12 Actuary's recommended changes, and the fiscal impact of not  
13 following the State Actuary's recommended changes on the  
14 required State contribution.

15 (b) The Board shall certify to the State Comptroller or  
16 employer, as the case may be, from time to time, by its  
17 president and secretary, with its seal attached, the amounts  
18 payable to the System from the various funds.

19 (c) Beginning in State fiscal year 1996, on or as soon as  
20 possible after the 15th day of each month the Board shall  
21 submit vouchers for payment of State contributions to the  
22 System, in a total monthly amount of one-twelfth of the  
23 required annual State contribution certified under subsection  
24 (a). From the effective date of this amendatory Act of the 93rd  
25 General Assembly through June 30, 2004, the Board shall not  
26 submit vouchers for the remainder of fiscal year 2004 in excess



1 of the fiscal year 2004 certified contribution amount  
2 determined under this Section after taking into consideration  
3 the transfer to the System under subsection (b) of Section  
4 6z-61 of the State Finance Act. These vouchers shall be paid by  
5 the State Comptroller and Treasurer by warrants drawn on the  
6 funds appropriated to the System for that fiscal year.

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

16 (d) So long as the payments received are the full amount  
17 lawfully vouchered under this Section, payments received by the  
18 System under this Section shall be applied first toward the  
19 employer contribution to the self-managed plan established  
20 under Section 15-158.2. Payments shall be applied second toward  
21 the employer's portion of the normal costs of the System, as  
22 defined in subsection (f) of Section 15-155. The balance shall  
23 be applied toward the unfunded actuarial liabilities of the  
24 System.

25 (e) In the event that the System does not receive, as a  
26 result of legislative enactment or otherwise, payments

1 sufficient to fully fund the employer contribution to the  
2 self-managed plan established under Section 15-158.2 and to  
3 fully fund that portion of the employer's portion of the normal  
4 costs of the System, as calculated in accordance with Section  
5 15-155(a-1), then any payments received shall be applied  
6 proportionately to the optional retirement program established  
7 under Section 15-158.2 and to the employer's portion of the  
8 normal costs of the System, as calculated in accordance with  
9 Section 15-155(a-1).

10 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
11 97-694, eff. 6-18-12.)

12 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

13 Sec. 16-106. Teacher. "Teacher": The following  
14 individuals, provided that, for employment prior to July 1,  
15 1990, they are employed on a full-time basis, or if not  
16 full-time, on a permanent and continuous basis in a position in  
17 which services are expected to be rendered for at least one  
18 school term:

19 (1) Any educational, administrative, professional or  
20 other staff employed in the public common schools included  
21 within this system in a position requiring certification  
22 under the law governing the certification of teachers;

23 (2) Any educational, administrative, professional or  
24 other staff employed in any facility of the Department of  
25 Children and Family Services or the Department of Human

1 Services, in a position requiring certification under the  
2 law governing the certification of teachers, and any person  
3 who (i) works in such a position for the Department of  
4 Corrections, (ii) was a member of this System on May 31,  
5 1987, and (iii) did not elect to become a member of the  
6 State Employees' Retirement System pursuant to Section  
7 14-108.2 of this Code; except that "teacher" does not  
8 include any person who (A) becomes a security employee of  
9 the Department of Human Services, as defined in Section  
10 14-110, after June 28, 2001 (the effective date of Public  
11 Act 92-14), or (B) becomes a member of the State Employees'  
12 Retirement System pursuant to Section 14-108.2c of this  
13 Code;

14 (3) Any regional superintendent of schools, assistant  
15 regional superintendent of schools, State Superintendent  
16 of Education; any person employed by the State Board of  
17 Education as an executive; any executive of the boards  
18 engaged in the service of public common school education in  
19 school districts covered under this system of which the  
20 State Superintendent of Education is an ex-officio member;

21 (4) Any employee of a school board association  
22 operating in compliance with Article 23 of the School Code  
23 who is certificated under the law governing the  
24 certification of teachers, provided that he or she becomes  
25 such an employee before the effective date of this  
26 amendatory Act of the 97th General Assembly;

1 (5) Any person employed by the retirement system who:

2 (i) was an employee of and a participant in the  
3 system on August 17, 2001 (the effective date of Public  
4 Act 92-416), or

5 (ii) becomes an employee of the system on or after  
6 August 17, 2001;

7 (6) Any educational, administrative, professional or  
8 other staff employed by and under the supervision and  
9 control of a regional superintendent of schools, provided  
10 such employment position requires the person to be  
11 certificated under the law governing the certification of  
12 teachers and is in an educational program serving 2 or more  
13 districts in accordance with a joint agreement authorized  
14 by the School Code or by federal legislation;

15 (7) Any educational, administrative, professional or  
16 other staff employed in an educational program serving 2 or  
17 more school districts in accordance with a joint agreement  
18 authorized by the School Code or by federal legislation and  
19 in a position requiring certification under the laws  
20 governing the certification of teachers;

21 (8) Any officer or employee of a statewide teacher  
22 organization or officer of a national teacher organization  
23 who is certified under the law governing certification of  
24 teachers, provided: (i) the individual had previously  
25 established creditable service under this Article, (ii)  
26 the individual files with the system an irrevocable

1 election to become a member before the effective date of  
2 this amendatory Act of the 97th General Assembly, (iii) the  
3 individual does not receive credit for such service under  
4 any other Article of this Code, and (iv) the individual  
5 first became an officer or employee of the teacher  
6 organization and becomes a member before the effective date  
7 of this amendatory Act of the 97th General Assembly;

8 (9) Any educational, administrative, professional, or  
9 other staff employed in a charter school operating in  
10 compliance with the Charter Schools Law who is certificated  
11 under the law governing the certification of teachers; ~~;~~

12 (10) Any person employed, on the effective date of this  
13 amendatory Act of the 94th General Assembly, by the  
14 Macon-Piatt Regional Office of Education in a  
15 birth-through-age-three pilot program receiving funds  
16 under Section 2-389 of the School Code who is required by  
17 the Macon-Piatt Regional Office of Education to hold a  
18 teaching certificate, provided that the Macon-Piatt  
19 Regional Office of Education makes an election, within 6  
20 months after the effective date of this amendatory Act of  
21 the 94th General Assembly, to have the person participate  
22 in the system. Any service established prior to the  
23 effective date of this amendatory Act of the 94th General  
24 Assembly for service as an employee of the Macon-Piatt  
25 Regional Office of Education in a birth-through-age-three  
26 pilot program receiving funds under Section 2-389 of the

1 School Code shall be considered service as a teacher if  
2 employee and employer contributions have been received by  
3 the system and the system has not refunded those  
4 contributions.

5 An annuitant receiving a retirement annuity under this  
6 Article or under Article 17 of this Code who is employed by a  
7 board of education or other employer as permitted under Section  
8 16-118 or 16-150.1 is not a "teacher" for purposes of this  
9 Article. A person who has received a single-sum retirement  
10 benefit under Section 16-136.4 of this Article is not a  
11 "teacher" for purposes of this Article.

12 (Source: P.A. 97-651, eff. 1-5-12; revised 8-3-12.)

13 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

14 Sec. 16-127. Computation of creditable service.

15 (a) Each member shall receive regular credit for all  
16 service as a teacher from the date membership begins, for which  
17 satisfactory evidence is supplied and all contributions have  
18 been paid.

19 (b) The following periods of service shall earn optional  
20 credit and each member shall receive credit for all such  
21 service for which satisfactory evidence is supplied and all  
22 contributions have been paid as of the date specified:

23 (1) Prior service as a teacher.

24 (2) Service in a capacity essentially similar or  
25 equivalent to that of a teacher, in the public common

1 schools in school districts in this State not included  
2 within the provisions of this System, or of any other  
3 State, territory, dependency or possession of the United  
4 States, or in schools operated by or under the auspices of  
5 the United States, or under the auspices of any agency or  
6 department of any other State, and service during any  
7 period of professional speech correction or special  
8 education experience for a public agency within this State  
9 or any other State, territory, dependency or possession of  
10 the United States, and service prior to February 1, 1951 as  
11 a recreation worker for the Illinois Department of Public  
12 Safety, for a period not exceeding the lesser of 2/5 of the  
13 total creditable service of the member or 10 years. The  
14 maximum service of 10 years which is allowable under this  
15 paragraph shall be reduced by the service credit which is  
16 validated by other retirement systems under paragraph (i)  
17 of Section 15-113 and paragraph 1 of Section 17-133. Credit  
18 granted under this paragraph may not be used in  
19 determination of a retirement annuity or disability  
20 benefits unless the member has at least 5 years of  
21 creditable service earned subsequent to this employment  
22 with one or more of the following systems: Teachers'  
23 Retirement System of the State of Illinois, State  
24 Universities Retirement System, and the Public School  
25 Teachers' Pension and Retirement Fund of Chicago. Whenever  
26 such service credit exceeds the maximum allowed for all

1 purposes of this Article, the first service rendered in  
2 point of time shall be considered. The changes to this  
3 subdivision (b)(2) made by Public Act 86-272 shall apply  
4 not only to persons who on or after its effective date  
5 (August 23, 1989) are in service as a teacher under the  
6 System, but also to persons whose status as such a teacher  
7 terminated prior to such effective date, whether or not  
8 such person is an annuitant on that date.

9 (3) Any periods immediately following teaching  
10 service, under this System or under Article 17, (or  
11 immediately following service prior to February 1, 1951 as  
12 a recreation worker for the Illinois Department of Public  
13 Safety) spent in active service with the military forces of  
14 the United States; periods spent in educational programs  
15 that prepare for return to teaching sponsored by the  
16 federal government following such active military service;  
17 if a teacher returns to teaching service within one  
18 calendar year after discharge or after the completion of  
19 the educational program, a further period, not exceeding  
20 one calendar year, between time spent in military service  
21 or in such educational programs and the return to  
22 employment as a teacher under this System; and a period of  
23 up to 2 years of active military service not immediately  
24 following employment as a teacher.

25 The changes to this Section and Section 16-128 relating  
26 to military service made by P.A. 87-794 shall apply not



1           only to persons who on or after its effective date are in  
2           service as a teacher under the System, but also to persons  
3           whose status as a teacher terminated prior to that date,  
4           whether or not the person is an annuitant on that date. In  
5           the case of an annuitant who applies for credit allowable  
6           under this Section for a period of military service that  
7           did not immediately follow employment, and who has made the  
8           required contributions for such credit, the annuity shall  
9           be recalculated to include the additional service credit,  
10          with the increase taking effect on the date the System  
11          received written notification of the annuitant's intent to  
12          purchase the credit, if payment of all the required  
13          contributions is made within 60 days of such notice, or  
14          else on the first annuity payment date following the date  
15          of payment of the required contributions. In calculating  
16          the automatic annual increase for an annuity that has been  
17          recalculated under this Section, the increase attributable  
18          to the additional service allowable under P.A. 87-794 shall  
19          be included in the calculation of automatic annual  
20          increases accruing after the effective date of the  
21          recalculation.

22                 Credit for military service shall be determined as  
23                 follows: if entry occurs during the months of July, August,  
24                 or September and the member was a teacher at the end of the  
25                 immediately preceding school term, credit shall be granted  
26                 from July 1 of the year in which he or she entered service;

1 if entry occurs during the school term and the teacher was  
2 in teaching service at the beginning of the school term,  
3 credit shall be granted from July 1 of such year. In all  
4 other cases where credit for military service is allowed,  
5 credit shall be granted from the date of entry into the  
6 service.

7 The total period of military service for which credit  
8 is granted shall not exceed 5 years for any member unless  
9 the service: (A) is validated before July 1, 1964, and (B)  
10 does not extend beyond July 1, 1963. Credit for military  
11 service shall be granted under this Section only if not  
12 more than 5 years of the military service for which credit  
13 is granted under this Section is used by the member to  
14 qualify for a military retirement allotment from any branch  
15 of the armed forces of the United States. The changes to  
16 this subdivision (b) (3) made by Public Act 86-272 shall  
17 apply not only to persons who on or after its effective  
18 date (August 23, 1989) are in service as a teacher under  
19 the System, but also to persons whose status as such a  
20 teacher terminated prior to such effective date, whether or  
21 not such person is an annuitant on that date.

22 (4) Any periods served as a member of the General  
23 Assembly.

24 (5) (i) Any periods for which a teacher, as defined in  
25 Section 16-106, is granted a leave of absence, provided he  
26 or she returns to teaching service creditable under this

1 System or the State Universities Retirement System  
2 following the leave; (ii) periods during which a teacher is  
3 involuntarily laid off from teaching, provided he or she  
4 returns to teaching following the lay-off; (iii) periods  
5 prior to July 1, 1983 during which a teacher ceased covered  
6 employment due to pregnancy, provided that the teacher  
7 returned to teaching service creditable under this System  
8 or the State Universities Retirement System following the  
9 pregnancy and submits evidence satisfactory to the Board  
10 documenting that the employment ceased due to pregnancy;  
11 and (iv) periods prior to July 1, 1983 during which a  
12 teacher ceased covered employment for the purpose of  
13 adopting an infant under 3 years of age or caring for a  
14 newly adopted infant under 3 years of age, provided that  
15 the teacher returned to teaching service creditable under  
16 this System or the State Universities Retirement System  
17 following the adoption and submits evidence satisfactory  
18 to the Board documenting that the employment ceased for the  
19 purpose of adopting an infant under 3 years of age or  
20 caring for a newly adopted infant under 3 years of age.  
21 However, total credit under this paragraph (5) may not  
22 exceed 3 years.

23 Any qualified member or annuitant may apply for credit  
24 under item (iii) or (iv) of this paragraph (5) without  
25 regard to whether service was terminated before the  
26 effective date of this amendatory Act of 1997. In the case

1 of an annuitant who establishes credit under item (iii) or  
2 (iv), the annuity shall be recalculated to include the  
3 additional service credit. The increase in annuity shall  
4 take effect on the date the System receives written  
5 notification of the annuitant's intent to purchase the  
6 credit, if the required evidence is submitted and the  
7 required contribution paid within 60 days of that  
8 notification, otherwise on the first annuity payment date  
9 following the System's receipt of the required evidence and  
10 contribution. The increase in an annuity recalculated  
11 under this provision shall be included in the calculation  
12 of automatic annual increases in the annuity accruing after  
13 the effective date of the recalculation.

14 Optional credit may be purchased under this subsection  
15 (b) (5) for periods during which a teacher has been granted  
16 a leave of absence pursuant to Section 24-13 of the School  
17 Code. A teacher whose service under this Article terminated  
18 prior to the effective date of P.A. 86-1488 shall be  
19 eligible to purchase such optional credit. If a teacher who  
20 purchases this optional credit is already receiving a  
21 retirement annuity under this Article, the annuity shall be  
22 recalculated as if the annuitant had applied for the leave  
23 of absence credit at the time of retirement. The difference  
24 between the entitled annuity and the actual annuity shall  
25 be credited to the purchase of the optional credit. The  
26 remainder of the purchase cost of the optional credit shall

1 be paid on or before April 1, 1992.

2 The change in this paragraph made by Public Act 86-273  
3 shall be applicable to teachers who retire after June 1,  
4 1989, as well as to teachers who are in service on that  
5 date.

6 (6) Any days of unused and uncompensated accumulated  
7 sick leave earned by a teacher who first became a  
8 participant in the System before the effective date of this  
9 amendatory Act of the 97th General Assembly. The service  
10 credit granted under this paragraph shall be the ratio of  
11 the number of unused and uncompensated accumulated sick  
12 leave days to 170 days, subject to a maximum of 2 years of  
13 service credit. Prior to the member's retirement, each  
14 former employer shall certify to the System the number of  
15 unused and uncompensated accumulated sick leave days  
16 credited to the member at the time of termination of  
17 service. The period of unused sick leave shall not be  
18 considered in determining the effective date of  
19 retirement. A member is not required to make contributions  
20 in order to obtain service credit for unused sick leave.

21 Credit for sick leave shall, at retirement, be granted  
22 by the System for any retiring regional or assistant  
23 regional superintendent of schools who first became a  
24 participant in this System before the effective date of  
25 this amendatory Act of the 97th General Assembly at the  
26 rate of 6 days per year of creditable service or portion

1           thereof established while serving as such superintendent  
2           or assistant superintendent.

3           Service credit is not available for unused sick leave  
4           accumulated by a teacher who first becomes a participant in  
5           this System on or after the effective date of this amendatory  
6           Act of the 97th General Assembly.

7           (7) Periods prior to February 1, 1987 served as an  
8           employee of the Illinois Mathematics and Science Academy  
9           for which credit has not been terminated under Section  
10          15-113.9 of this Code.

11          (8) Service as a substitute teacher for work performed  
12          prior to July 1, 1990.

13          (9) Service as a part-time teacher for work performed  
14          prior to July 1, 1990.

15          (10) Up to 2 years of employment with Southern Illinois  
16          University - Carbondale from September 1, 1959 to August  
17          31, 1961, or with Governors State University from September  
18          1, 1972 to August 31, 1974, for which the teacher has no  
19          credit under Article 15. To receive credit under this item  
20          (10), a teacher must apply in writing to the Board and pay  
21          the required contributions before May 1, 1993 and have at  
22          least 12 years of service credit under this Article.

23          (b-1) A member may establish optional credit for up to 2  
24          years of service as a teacher or administrator employed by a  
25          private school recognized by the Illinois State Board of  
26          Education, provided that the teacher (i) was certified under

1 the law governing the certification of teachers at the time the  
2 service was rendered, (ii) applies in writing on or after  
3 August 1, 2009 and on or before August 1, 2012, (iii) supplies  
4 satisfactory evidence of the employment, (iv) completes at  
5 least 10 years of contributing service as a teacher as defined  
6 in Section 16-106, and (v) pays the contribution required in  
7 subsection (d-5) of Section 16-128. The member may apply for  
8 credit under this subsection and pay the required contribution  
9 before completing the 10 years of contributing service required  
10 under item (iv), but the credit may not be used until the item  
11 (iv) contributing service requirement has been met.

12 (c) The service credits specified in this Section shall be  
13 granted only if: (1) such service credits are not used for  
14 credit in any other statutory tax-supported public employee  
15 retirement system other than the federal Social Security  
16 program; and (2) the member makes the required contributions as  
17 specified in Section 16-128. Except as provided in subsection  
18 (b-1) of this Section, the service credit shall be effective as  
19 of the date the required contributions are completed.

20 Any service credits granted under this Section shall  
21 terminate upon cessation of membership for any cause.

22 Credit may not be granted under this Section covering any  
23 period for which an age retirement or disability retirement  
24 allowance has been paid.

25 (Source: P.A. 96-546, eff. 8-17-09.)

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

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

4 (a) The State shall make contributions to the System by  
5 means of appropriations from the Common School Fund and other  
6 State funds of amounts which, together with other employer  
7 contributions, employee contributions, investment income, and  
8 other income, will be sufficient to meet the cost of  
9 maintaining and administering the System on a 90% funded basis  
10 in accordance with actuarial recommendations.

11 The Board shall determine the amount of State contributions  
12 required for each fiscal year on the basis of the actuarial  
13 tables and other assumptions adopted by the Board and the  
14 recommendations of the actuary, using the formula in subsection  
15 (b-3).

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

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



1           On or before July 1, 2005 ~~April 1, 2011~~, the Board shall  
2 recalculate and recertify to the Governor the amount of the  
3 required State contribution to the System for State fiscal year  
4 2006, taking into account the changes in required State  
5 contributions made by this amendatory Act of the 94th General  
6 Assembly.

7           On or before April 1, 2011 ~~June 15, 2010~~, the Board shall  
8 recalculate and recertify to the Governor the amount of the  
9 required State contribution to the System for State fiscal year  
10 2011, applying the changes made by Public Act 96-889 to the  
11 System's assets and liabilities as of June 30, 2009 as though  
12 Public Act 96-889 was approved on that date.

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

16           (b-1) Beginning in State fiscal year 1996, on the 15th day  
17 of each month, or as soon thereafter as may be practicable, the  
18 Board shall submit vouchers for payment of State contributions  
19 to the System, in a total monthly amount of one-twelfth of the  
20 required annual State contribution certified under subsection  
21 (a-1). From the effective date of this amendatory Act of the  
22 93rd General Assembly through June 30, 2004, the Board shall  
23 not submit vouchers for the remainder of fiscal year 2004 in  
24 excess of the fiscal year 2004 certified contribution amount  
25 determined under this Section after taking into consideration  
26 the transfer to the System under subsection (a) of Section

1 6z-61 of the State Finance Act. These vouchers shall be paid by  
2 the State Comptroller and Treasurer by warrants drawn on the  
3 funds appropriated to the System for that fiscal year.

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

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

16 (b-3) For State fiscal years 2012 through 2045, the minimum  
17 contribution to the System to be made by the State for each  
18 fiscal year shall be an amount determined by the System to be  
19 sufficient to bring the total assets of the System up to 90% of  
20 the total actuarial liabilities of the System by the end of  
21 State fiscal year 2045. In making these determinations, the  
22 required State contribution shall be calculated each year as a  
23 level percentage of payroll over the years remaining to and  
24 including fiscal year 2045 and shall be determined under the  
25 projected unit credit actuarial cost method.

26 For State fiscal years 1996 through 2005, the State

1 contribution to the System, as a percentage of the applicable  
2 employee payroll, shall be increased in equal annual increments  
3 so that by State fiscal year 2011, the State is contributing at  
4 the rate required under this Section; except that in the  
5 following specified State fiscal years, the State contribution  
6 to the System shall not be less than the following indicated  
7 percentages of the applicable employee payroll, even if the  
8 indicated percentage will produce a State contribution in  
9 excess of the amount otherwise required under this subsection  
10 and subsection (a), and notwithstanding any contrary  
11 certification made under subsection (a-1) before the effective  
12 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%  
13 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY  
14 2003; and 13.56% in FY 2004.

15 Notwithstanding any other provision of this Article, the  
16 total required State contribution for State fiscal year 2006 is  
17 \$534,627,700.

18 Notwithstanding any other provision of this Article, the  
19 total required State contribution for State fiscal year 2007 is  
20 \$738,014,500.

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

1           Notwithstanding any other provision of this Article, the  
2 total required State contribution for State fiscal year 2010 is  
3 \$2,089,268,000 and shall be made from the proceeds of bonds  
4 sold in fiscal year 2010 pursuant to Section 7.2 of the General  
5 Obligation Bond Act, less (i) the pro rata share of bond sale  
6 expenses determined by the System's share of total bond  
7 proceeds, (ii) any amounts received from the Common School Fund  
8 in fiscal year 2010, and (iii) any reduction in bond proceeds  
9 due to the issuance of discounted bonds, if applicable.

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

26           Beginning in State fiscal year 2046, the minimum State

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

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

16 Notwithstanding any other provision of this Section, the  
17 required State contribution for State fiscal year 2005 and for  
18 fiscal year 2008 and each fiscal year thereafter, as calculated  
19 under this Section and certified under subsection (a-1), shall  
20 not exceed an amount equal to (i) the amount of the required  
21 State contribution that would have been calculated under this  
22 Section for that fiscal year if the System had not received any  
23 payments under subsection (d) of Section 7.2 of the General  
24 Obligation Bond Act, minus (ii) the portion of the State's  
25 total debt service payments for that fiscal year on the bonds  
26 issued in fiscal year 2003 for the purposes of that Section

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

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

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

1 of Illinois to the System prior to allocation, in an amount  
2 determined in accordance with guidelines established by such  
3 agency and the System.

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

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

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

26 (1) Beginning July 1, 1998 through June 30, 1999, the

1 employer contribution shall be equal to 0.3% of each  
2 teacher's salary.

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

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

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

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

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

26 If an employer is required by a contract in effect on May



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

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

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

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

25 The employer contributions required under this subsection  
26 (f) may be paid in the form of a lump sum within 90 days after

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

8 (g) This subsection (g) applies only to payments made or  
9 salary increases given on or after June 1, 2005 but before July  
10 1, 2011. The changes made by Public Act 94-1057 shall not  
11 require the System to refund any payments received before July  
12 31, 2006 (the effective date of Public Act 94-1057).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 which shall be calculated as follows:

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

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

13 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;  
14 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.  
15 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

16 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

17 Sec. 18-140. To certify required State contributions and  
18 submit vouchers.

19 (a) The Board shall certify to the Governor, on or before  
20 November 15 of each year through ~~until~~ November 15, 2011, the  
21 amount of the required State contribution to the System for the  
22 following fiscal year ~~and shall specifically identify the~~  
23 ~~System's projected State normal cost for that fiscal year.~~ The  
24 certification shall include a copy of the actuarial  
25 recommendations upon which it is based ~~and shall specifically~~

1 ~~identify the System's projected State normal cost for that~~  
2 ~~fiscal year.~~

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

15 On or before January 15, 2013 and every January 15  
16 thereafter, the Board shall certify to the Governor and the  
17 General Assembly the amount of the required State contribution  
18 for the next fiscal year. The Board's certification shall  
19 include a copy of the actuarial recommendations upon which it  
20 is based and shall specifically identify the System's projected  
21 State normal cost for that fiscal year. The Board's  
22 certification must note any deviations from the State Actuary's  
23 recommended changes, the reason or reasons for not following  
24 the State Actuary's recommended changes, and the fiscal impact  
25 of not following the State Actuary's recommended changes on the  
26 required State contribution.

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

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

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

18       (b) Beginning in State fiscal year 1996, on or as soon as  
19 possible after the 15th day of each month the Board shall  
20 submit vouchers for payment of State contributions to the  
21 System, in a total monthly amount of one-twelfth of the  
22 required annual State contribution certified under subsection  
23 (a). From the effective date of this amendatory Act of the 93rd  
24 General Assembly through June 30, 2004, the Board shall not  
25 submit vouchers for the remainder of fiscal year 2004 in excess  
26 of the fiscal year 2004 certified contribution amount



1 determined under this Section after taking into consideration  
2 the transfer to the System under subsection (c) of Section  
3 6z-61 of the State Finance Act. These vouchers shall be paid by  
4 the State Comptroller and Treasurer by warrants drawn on the  
5 funds appropriated to the System for that fiscal year.

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

15 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11;  
16 97-694, eff. 6-18-12.)

17 Section 105. Severability and inseverability. The  
18 provisions set forth in Sections 15, 25, and 999 of this Act,  
19 as well as Sections 2-134, 7-109, 14-135.08, 15-165, and 18-140  
20 and subsection (a-5) of Section 16-158 of the Illinois Pension  
21 Code, as set forth in Section 30 of this Act, are severable  
22 pursuant to Section 1.31 of the Statute on Statutes, and are  
23 not mutually dependent upon the provisions set forth in any  
24 other Section of this Act.

25 Section 10, as well as the other provisions of Section 30

1 of this Act, are mutually dependent and inseverable. If any of  
2 those provision is held invalid other than as applied to a  
3 particular person or circumstance, then all of those provisions  
4 are invalid.".