Illinois Public Pension Compendium

A Five Part Series

Part Four: Analysis of Reforms

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"Enacted in 1994, the Illinois Pension Funding Act (referred to as P.A. 88-593, the Statutory Funding Plan, or the Pension Ramp) established a pension contribution schedule that was not sufficient to cover both (1) the cost of benefits accrued in the current year and (2) a payment to amortize the plans' unfunded actuarial liability. This methodology structurally underfunded the State's pension obligations and backloaded the majority of pension contributions far into the future. The resulting systematic underfunding imposed significant stress on the pension systems and on the State's ability to meet its competing obligations."

—*SEC Administrative Proceeding File No. 3-15237, Cease-and-Desist Order State of Illinois 3/11/13.*

In March 2013, the Securities and Exchange Commission (SEC) charged the State of Illinois with misleading municipal bond investors by failing to adequately disclose the breadth of the State's pension funding issues. The SEC cease-and-desist order was not entirely unexpected. The initial SEC inquiry was disclosed in a February 2011 prospectus and followed a nearly identical charge levied against the State of New Jersey in 2010. In the end Illinois settled with the SEC, and agreed to improve the State's pension disclosures.

The investigation into the State's pension disclosure practices did little to uncover what was already apparent to most municipal market participants. Rather than address the State's pension issues, prior legislative reforms tended to allow the unfunded liability to increase while simultaneously deferring fiscally sound funding of annual pension contributions. This type of underfunding permitted the State to shift the burden associated with its pension costs to the future and, as a result, is creating additional fiscal stress for the State.

The fourth installment in our Illinois pension series will discuss a few of the notable pension reform attempts. For informational purposes we've included an in-depth compilation of state and local government pension reforms from the Illinois Commission on Government Forecasting and Accountability (CGFA) in the Appendix beginning on page six. The compilation is part of the Commission's FY15 State of Illinois Budget Summary. In addition to providing ample historical legislative perspective, the summary also provides an extraordinary detailed and insightful analysis of the State's annual budget.

Public Act 88-593 (Pension Ramp)

Public Act 88-593 became effective on August 22nd, 1994 and is commonly referred to as "the 1995 Statutory Funding Pan" or the "Pension Ramp." P.A. 88-593 amended the State-funded retirement systems' Pension Code to require annual appropriations to the

State's main pension systems as a level percent of payroll, beginning in FY2010, following a 15 year phase-in period which began in FY1996. The goal of P.A. 88-593 was to reach a 90% funding ratio by FY 2045. After FY2045, the State would contribute the annual amount needed to maintain a 90% funding ratio.

The Pension Ramp attempted to establish a payment schedule to mitigate the State's unfunded pension liabilities. The unfunded balance was created by years of inadequate funding, sub-par investment returns, and enhanced employee benefit structures. For reference, in the five years before the legislation was enacted, the State's UAAL more than doubled to $17 billion in 1994 from $8.2 billion in 1989.

Included in our Appendix on page 19 is a chart showing contribution and funded ratio projections from the original 1994 pension reform analysis. The chart begins in FY1996 and highlights the main critiques of this piece of legislation.

The statutory funding plan is not an actuarially based funding model. An actuarially based funding plan would entail an annual contribution consisting of 1.) the normal cost, 2.) interest based on the assumed investment rate and the outstanding UAAL, and 3.) an amortization of the UAAL over some defined period of time. The Pension Ramp Act adopted a funding plan whereby during the first 15 years the annual contribution would incrementally increase up to an amount that would be based on a constant percentage of payrolls starting in FY2010. The State's contributions during this ramp-up period were barely enough to cover the cost of pension benefits earned by current employees, and entirely failed to address the UAAL.

The use of that constant percentage consistently applied to reach the 90% funded goal by 2045 ostensibly amortizes the UAAL in such a way that it requires annual increases in pension contributions and thereby creates a backloaded funding model.

According to November 2014 projections from the CGFA, because the current funding model falls below the annual contribution of an actuarially based funding plan, the UAAL will continue to increase until approximately FY2030. On average pension contributions will cost the State $2.5 billion more per year through FY2045 than the original 1994 projections.

To place the additional cost into perspective, according to CGFA projections, the State's pension contribution will be an estimated $16 billion in FY2045. Comparatively, total expenditures in the State's current FY2015 General Fund budget were approximately $35 Billion.

Further, the fixed nature of the contribution schedule reveals another flaw in the Pension Ramp legislation, an inability to adjust to changing financial and economic conditions. For instance the initial ramp-up period coincided with robust equity markets, yet the State opted not to supplement pension contributions with surplus revenues. A decade later, a combination of fiscal mismanagement, the Great Recession, and rising pension costs has jeopardized the State's financial stability.

The 1995 funding law was modified by Public Act 94-0004 (See Appendix) in 2005. Public Act 94-0004 set the State pension contribution levels rather than directing the State to make the required contributions based on the Pension Ramp schedule. The State's pension contributions reduced the FY2006 and FY2007 contributions by $1.1 billion each year. This was preceded by the State's decision to issue pension obligation bonds in 2003. (See Part III of our Illinois Pension Compendium)

Public Act 96-0889

On March 24, 2010 the State of Illinois enacted P.A. 96-0889, which most notably established a “two-tier” pension system by reducing pension payments for employees hired after January 1, 2011, (Tier II employees).

P.A. 96-0889, among numerous other reforms, increased the minimum age at which an active employee may retire with unreduced pension payments to age 67 for employees hired after January 1, 2011 from age 60 or younger depending on age and years of service.

The Act also prohibited “double dipping”, i.e. simultaneously collecting a pension and salary with a public employer and revised the calculation for pension payments such that annuities are based on the highest eight out of ten years of compensation instead of the highest four year average.

The effect of the reforms caused a reduction in the State's pension contribution relative to its pre-reform contributions levels in FY2011.

In the long term, the decrease in future benefits should reduce the sum of contributions required to reach a funded ratio of 90% given that the total benefits should decrease as more employees are covered by the reduced benefits. In the more immediate term the decreased contributions will likely increase the UAAL because a majority of employees are earning benefits governed by the provisions set forth for Tier I employees. Therefore, until a large portion of employees are covered by the new benefits (Tier II), the amount of the annual contribution will decrease, thereby increasing the UAAL and decreasing the funded ratio.

The hidden cost in this pension reform is that according to a recently released preliminary actuarial valuation report for TRS:

> *“The Tier II total normal cost is less than the Tier II member contribution rate; that is, Tier II members pay for their own pensions and subsidize the State (Illinois) by paying down the UAAL.”*

Further, a Civic Federation analysis of the preliminary report noted:

> *“Tier 2 employees, hired on or after January 1, 2011, receive lower pension benefits upon retirement under a law passed in April 2010 than Tier 1 employees, who were hired prior to that time. Through FY2045, Tier 2 employees are projected to contribute $26.2 billion to fund their own benefits and $6.9 billion to pay for the unfunded liability. Tier 1 employees are projected to contribute $19.8 billion during the same period, all of which will be used to fund their own benefits.”*

Public Act 98-0599 (Pension Reform)

Public Act 98-0559, or commonly known as the Pension Reform Act, was signed on December 5th, 2013. The bill was created to address the rising amount of pension liabilities in Illinois while also improving its diminished credit quality. Illinois is currently the lowest rated state by Standard & Poor's at A-minus.

The State's financial outlook appeared to improve after the bill initially passed, but that was short-lived after four separate lawsuits filed by a combination of unions and private parties, were merged together months after the bill's passing.

The main argument presented by these groups is that the State lacked sufficient evidence to call upon its emergency powers when revenue for the pension issue could be provided through a tax increase.

In November 2014, Sangamon County Circuit Court Judge John Belz ruled the Pension Reform bill "unconstitutional and void in its entirety".

"The state of Illinois made a constitutionally protected promise to its employees concerning their pension benefits," Belz wrote in his decision. "Under established and uncontroverted Illinois law, the state of Illinois cannot break this promise." *See Pension Litigation Order filed 11/21/2014 Sangamon County Circuit Clerk*

The Illinois Attorney General has appealed the decision and the case is pending in front of the Illinois Supreme Court.

The main issue, which was a focal point of Part Two in our Illinois Pension series, was whether or not the bill was constitutional and how the courts would interpret Article VIII Section 5 of the Illinois' Constitution, which contained the Pension Protection Clause.

A similar bill attempting to restructure the pension's healthcare benefits was struck down on July 3rd, 2014 by a vote of 6-1. Even then many experts believed that the Illinois court system would have a similar ruling on PA 98-0599.

The Pension Reform bill, which had the support of both the General Assembly and the Governor, aimed to reduce the amount owed to the pension without significantly raising taxes within the state. The main goals of the act were to:

- increase the retirement age for those under the age of 46
- set an earnings limit cap, and
- to reduce cost of living adjustments.

P.A. 98-599 then offered members the option of opting out of a defined benefit plan and switching to a defined contribution plan. The act also called for the various retirement systems to switch form a projected unit credit actuarial cost method (PUC) to an entry age normal actuarial cost method (EAN). The reason for this change was due to the fact that the PUC method resulted in normal costs that increased at a greater rate than payroll, whereas the EAN method did not. The State estimated it could potentially save a total of $160 billion over the course of 30 years and fully fund the SURS, TRS, and SERS by 2039.

In the final part of our series we will provide some comparisons as to how other States have handled similar pension challenges and conclude our examination of the topic.

Appendix

86th General Assembly (1989 – 1990)

Compound Annual Cost of Living Adjustment (P. A. 86-0273)

Public Act 86-0273, which took effect on August 23, 1989, provided for compounded 3% annual cost of living adjustments (COLA's) beginning January 1, 1990 for annuitants in all five of the State-funded retirement systems (TRS, SERS, SURS, JRS, and GARS). Prior to the enactment of P.A. 86-0273, annual COLA's had been calculated on a simple non-compounded basis.

88th General Assembly (1993 – 1994)

Funding Plan for State-Funded Retirement Systems (P. A. 88-0593)

Public Act 88-0593 implemented a funding plan for the five State retirement systems that requires the State to make contributions as a level percent of payroll in fiscal years 2011 through 2045, following a phase in which began in fiscal year 1996. The contributions are required to be sufficient, when added to employee contributions, investment income, and other income, to bring the total assets of the systems to 90% of the actuarial liabilities by fiscal year 2045. Each system is required to certify the amount necessary for the next fiscal year by November 15 of the current fiscal year, for inclusion in the Governor's budget. For example, the FY 2008 actuarial reports will be released in November 2008, and will contain the actuarially certified contributions for FY 2010.

89th General Assembly (1995 – 1996)

Funding Plan for Chicago Teachers' Pension Fund (P.A. 89-0015)

Public Act 89-0015 established a funding plan for the Chicago Teachers' Pension Fund under which the Chicago Board of Education is required to make a minimum annual contribution to the fund in an amount that will bring the funded ratio up to 90% by the end of Fiscal Year 2045. For fiscal years 1999 through 2010, the Board of Education's contribution is to be increased in equal annual increments so that by Fiscal Year 2011, the Board of Education is making contributions as a level percentage of payroll each year through FY 2045.

90th General Assembly (1997 – 1998)

SERS Formula Increase (P.A. 90-0065)

P.A. 90-0065 (HB 0110) implemented a flat rate formula for SERS Regular Formula members covered by Social Security of 1.67% for all years of service. Regular Formula members not covered by Social Security moved to a flat rate formula of 2.2% for all years of service. The Act applied to all members retiring on or after January 1, 1998.

Funding Plan for Chicago Teachers' Pension Fund (P.A. 90-0545)

Public Act 90-0548 revised the funding plan outlined in Public Act 89-0015 to stipulate that the Chicago Board of Education need not make pension contributions unless the funded ratio drops below 90%.

State Contributions to Chicago Teachers' Pension Fund (P.A. 90-0582)

Public Act 90-582 requires the state to contribute 0.544% of the Chicago Teachers' Pension Fund's total teacher payroll when the funded ratio drops below 90%.

TRS Formula Increase (P.A. 90-0582)

P.A. 90-0582 implemented a retirement formula increase for members of the Teachers' Retirement System. The Act provided that active teachers would earn creditable service on or after July 1, 1998 at a rate of 2.2% of final average salary for each year of service. The Act also allowed teachers to make contributions to TRS in order to upgrade past service earned prior to the implementation of the flat-rate formula.

Chicago Teachers Formula Increase (P.A. 90-582)

P.A. 90-582 implemented a retirement formula increase for Chicago Teachers. The Act provided that active teachers would earn creditable service on or after July 1, 1998 at a rate of 2.2% of final average salary for each year of creditable service. The Act allowed Chicago teachers to make contributions to the fund in order to upgrade past service earned prior to the implementation of the new flat-rate formula.

Creation of Self-Managed Plan in SURS (P.A. 90-0448)

P.A. 90-0448 gave members of the State Universities Retirement System the option to enroll in a Self-Managed Plan in which participants are able to choose from a variety of investment options ranging from mutual funds to annuity contracts. Members who choose the SMP become vested after earning 5 years of service credit.

91st General Assembly (1999 – 2000)

"Rule of 85" for SERS (P.A. 91-0927)

P.A. 91-0927 created a "Rule of 85" for the State Employees' Retirement System, wherein an employee is eligible to retire when the employee's age plus service credit equals 85 years.

Downstate Fire Formula Increase (P.A. 91-0466)

Prior to the enactment of P.A. 91-0466, Downstate Firefighters received an annuity of 50% of salary for the first 20 years of service, plus 2% of salary for each year of service between 21 and 30 years, plus 1% of salary for each year of service over 30 years. The Act increased the retirement formula to 2.5% of salary for the 21st through 30th year of service. The maximum annuity of 75% of salary was not changed. In effect, the Act allowed the maximum annuity of 75% of salary to be reached in 30 years, instead of 35 years.

Downstate Police Formula Increase (P.A. 91-0939)

Prior to the enactment of P.A. 94-0939, Downstate Police officers received an annuity of 50% of salary for the first 20 years of service, plus 2% of salary for each year of service between 21 and 30 years, plus 1% of salary for each year of service over 30 years. The Act increased the retirement formula to 2.5% of salary for the 21st through 30th year of service, beginning January 1, 1999. The maximum annuity of 75% of salary was not changed. In effect, the Act allowed the maximum annuity of 75% of salary to be reached in 30 years, instead of 35 years.

92nd General Assembly (2001 – 2002)

SERS Alternative Formula Increase (P.A. 92-0014)

P.A. 92-0014 (HB 0250) changed the retirement formula for alternative formula employees to 2.5% for each year of service for members coordinated with Social Security and 3.0% for each year of service for non-coordinated members. The Act increased the maximum retirement annuity for alternative formula employees to 80% of final average salary.

Addition of Highway Maintenance Workers to the SERS Alternative Formula (P.A 92-0257)

P.A 92-0257 added state highway maintenance workers to the alternative formula under SERS. Specifically, the Act included persons employed on a full-time basis by the Illinois Department of Transportation in the position of highway maintainer, highway maintenance lead worker, heavy construction equipment operator, and other job titles. The bill also added several positions within the Illinois State Toll Highway Authority such as equipment operator/laborer, welders, sign makers/hangers, and other job titles.

SERS Early Retirement Incentive (Public Act 92-0566)

Public Act 92-0566 created the 2002 Early Retirement Incentive for certain SERS and TRS members. The ERI allowed members to purchase up to five years of service credit and age enhancement. Eligible members were then required to leave employment between July 1, 2002 and December 31, 2002. Over 11,000 members took advantage of the ERI, and a majority of the participants were eligible to receive benefits immediately following termination.

93rd General Assembly (2003 – 2004)

Pension Obligation Bond (P.A. 93-0002)

Public Act 93-0002 amended the General Obligation Bond Act to increase bond authorization by $10 billion. These general obligation bonds were designated as a pension funding series. The State used a portion of the bond proceeds to pay part of the FY 2003 State contribution and all of the FY 2004 State contributions to the retirement systems. Of the $10 billion, $7.3 billion was used to reduce the unfunded liabilities of the State-funded retirement systems. Along with the $10 billion increase in bond authorization, Public Act 93-0002 included a provision requiring State contributions to the retirement systems to be reduced by the amount of the debt service (the amount of principal and interest payments) on the bonds. The legislation set the maximum annual employer contribution to each system at the amount that would have been contributed without the bond issuance, minus the total debt service payments for the fiscal year. Effectively, the reduction in retirement contributions is used to pay the debt service on the bonds.

Benefit Enhancement for Downstate Fire Pension Funds (P. A. 93-0689)

P.A. 93-0689 implemented the following benefit enhancements for Downstate Fire pension funds:

- Increased the surviving spouse annuity from 54% of the deceased firefighter's final salary to 100% of the deceased firefighter's annuity.
- Increased the minimum retirement annuity from $1,030 per month to $1,159.27 per month over a four-year period for firefighters with 20 or more years of service.

94th General Assembly (2005 – 2006)

Change in Funding Provisions for State Systems (P.A. 94-0004)

Public Act 94-0004 changed the funding plan created in 1994 by Public Act 88-0593. The Act set the State contribution levels for FY 2006 and FY 2007, rather than requiring the State to make contributions based on actuarial calculations contained in the pension funding plan under P.A. 88-0593. In addition, the separate funding of the liability created by the 2002 SERS Early Retirement Incentive was eliminated. The following table provides a comparison of the FY 2006 certified contributions and FY 2007 contributions with the State contributions that were required by Public Act 94-0004. The actual appropriations to the Systems were contained in SB 1548 (P.A. 94-0015).

SERS Alternative Formula Changes (P.A. 94-0004)

Prior to the enactment of P.A. 94-0004, all employees of the Department of Corrections were covered by the SERS alternative formula. Public Act 94-0004 provides that for employees entering service after July 1, 2005, only Department of Corrections employees who are headquartered at a correctional facility, parole officers, members of an apprehension unit, members of an intelligence unit, and DOC investigators will be covered by the alternative formula. New employees included in other groups currently covered by the alternative formula will continue to be eligible for the SERS alternative formula.

SURS Money Purchase Retirement Option Changes (P.A. 94-0004)

Public Act 94-0004 eliminated the money purchase formula for employees who became members of SURS after July 1, 2005. Beginning in FY 2006, the Act requires the Comptroller (rather than the SURS Board of Trustees) to determine the interest rate to be used when crediting interest to the accounts of current employees.

Salary Increase Payments For Teachers and State University Personnel (P.A. 94-0004)

Public Act 94-0004 provided a mechanism by which the liability associated with salary increases above a certain level may be shifted to the employer (school districts and universities) providing those salary increases. The Act provides that during the years used to determine final average salary, the employer must pay to TRS or SURS an amount equal to the present value of the increase in benefits resulting from salary increases above 6%. The employer contribution required by Public Act 94-0004 must be paid in a lump sum within 30 days of the receipt of the bill from the retirement system. The Act specifies that the retirement system must calculate the contribution amount using the same actuarial assumptions and tables used for the most recent actuarial valuation. The salary increase payment provision for TRS and SURS contained in Public Act 94-0004 does not apply to salaries paid under contracts or collective bargaining agreements entered into, amended, or renewed before the effective date of the Act (June 1, 2005).

Teacher Sick Leave Service Credit (P.A. 94-0004)

Prior to the enactment of P.A. 94-0004, members of TRS could establish up to 2 years of service credit for unused and uncompensated sick leave without making contributions. Public Act 94-0004 provides that if days granted by an employer are in excess of the normal annual sick leave allotment, the employer is required to contribute to TRS the normal cost of the benefits associated with this excess sick leave.

Retention of "Pipeline" Early Retirement Option in TRS (P.A. 94-0004)

An Early Retirement Option for members of TRS was created in 1980 and, prior to 2005, had been extended every 5 years since its inception. (Public Act 91-0017 extended the TRS ERO option until June 30, 2005). If an employee exercised the ERO option (i.e. retires before age 60 with less than 34 years of service) employee and employer contributions were required to avoid discount. The employee contribution was 7% of salary for each year less than age 60 or 35 years of service (whichever is less) and the employer contribution was 20% of salary for each year less than age 60. Public Act 92-0582 removed the employee contribution for members with 34 years of service and Public Act 91-0017 removed the employer contribution requirement for employees who retire with 34 years of service. Public Act 94-0004 allowed TRS members to participate in the "pipeline" ERO if the member retired between June 30, 2005 and July 1, 2007.

New Early Retirement Option in TRS (P.A. 94-0004)

Public Act 94-0004 creates a new ERO effective July 1, 2005. If an employee exercises the new ERO option (retires before age 60) employee and employer contributions are required to avoid discount. The employee contribution is 11.5% of salary for each year less than age 60 or 35 years of service (whichever is less) and the employer contribution is 23.5% of salary for each year less than age 60. In addition, all active TRS members are required to contribute 0.4% of salary towards the cost of ERO. This contribution would be refunded, without interest, if the member does not utilize the ERO, if the member takes a refund from TRS, if the member dies, or if the ERO is terminated.

By June 30, 2012 (and every 5 years thereafter), TRS is required to review the System's ERO experience to determine if the required contributions adequately fund the ERO. The TRS Board of Trustees must submit the results to the Commission on Government Forecasting and Accountability, who must then recommend to the General Assembly (by February 1, 2013) if the required ERO contributions should be adjusted. If the General Assembly does not adjust the required contributions as recommended, the ERO would be terminated at the end of that fiscal year.

Extension of Early Retirement Option for Chicago Teachers (P.A. 94-0004)

Public Act 91-0017 extended the Early Retirement Option in the Chicago Teachers' Pension Fund until June 30, 2005. If an employee exercises that option by retiring before age 60 with less than 34 years of service, employee and employer contributions are required to avoid a reduction in annuity. The employee contribution is 7% of salary for each month less than age 60 or 35 years of service (whichever is less), and the employer contribution is 20% of salary for each year less than age 60. No employee or employer contributions are required for members with 34 years of service. Currently, each employer has the authority to determine whether it should provide an ERO for its employees. Public Act 94-0004 extends the ERO option to June 30, 2010. The Act also specifies that the employer may not limit the number of ERO participants to less than 200 (rather than 30% of eligible members). The Act also allows the employer and collective bargaining agent to agree to set the limit higher than 200, and to base the allocation for participation on a basis other than seniority.

Application of New Benefits (P.A. 94-0004)

Public Act 94-0004 requires every new benefit increase to identify and provide for additional funding at least sufficient to fund the resulting annual increase in cost as it accrues to the System. Unless the funding inadequacy is corrected by the General Assembly, the benefit increase would expire at the end of the fiscal year. In addition, Public Act 94-0004 provides that all benefit increases will expire 5 years after the effective date of the increase, unless an earlier date is specified in the legislation that provides the benefit increase. This provision does not apply to the Chicago Teachers' Pension Fund.

Exemptions to 6% End-of-Career Salary Increase Cap (P.A. 94-1057)

P.A. 94-1057 amended both the Downstate Teachers' and State Universities' Articles of the Pension Code to exempt the employer (the university or the school district) from paying the increased contribution associated with certain salary increases above 6% granted during the employee's final average salary period. The Act applies to specifically enumerated salary increases granted between June 1, 2005 and July 1, 2011 as follows:

- Salary increases paid to teachers or university employees who are ten or more years away from retirement.
- Salary increases that result when a teacher is transferred from one employer to another as a result of school consolidation.
- Salary increases paid to teachers or university employees that are earned as a result of summer school or overload work. (Overload work must be for the sole purpose of academic instruction in excess of the standard number of instruction hours, and the overload pay must be necessary for the educational mission).
- Salary increases due to promotion for which a teacher is required to hold a certificate or supervisory endorsement issued by the State Teacher Certification Board. The certification must be different than what was required for the teacher's previous position, and the position must have existed and been filled by a member for no less than one complete academic year.
- Salary increase due to promotion for which a university employee moves to a higher classification under the State Universities Civil Service System, promotion to a tenure-track faculty position, or promotion to a position recommended on a promotional list created by the Illinois Community College Board.
- Payments to a teacher from the State Board of Education or the State of Illinois over which the school district does not have discretion.
- Salary increases granted to teachers or university employees under the aforementioned conditions after July 1, 2011, but before July 1, 2014, pursuant to a contract or collective bargaining agreement entered into on or after June 1, 2005, but before July 1, 2011.

P.A. 94-1057 also requires both SURS and TRS to file a report with the Governor and General Assembly by January 1, 2007 outlining the number of recalculations performed by school districts or universities, the dollar amount by which each school district or university's contribution was changed due to the recalculation, and the total amount received from each school district or university as a result of P.A. 94-0004. The Act also requires both SURS and TRS to provide an estimate of the increase in state contributions resulting from the aforementioned end-of-career salary increase exemptions.

CTA Pension Funding Requirements (P.A. 94-0839)

P.A. 94-0839 stipulates that, beginning January 1, 2009, the Chicago Transit Authority must make annual contributions to the CTA Pension Fund in order to bring the system's funded ratio to 90% by Fiscal Year 2058. The Act specifies that contributions will be made as a level percentage of payroll over the years remaining to and including FY 2058. The CTA must then make annual contributions in FY 2059 and thereafter at an amount necessary to maintain a 90% funded ratio.

Separation of CTA Pension Fund Retiree Healthcare and Pension Liabilities (P.A. 94-0839)

P.A. 94-0839 requires that pension contributions by the CTA shall not take into account liabilities relating to retiree health care benefits. The Act mandates that the CTA must separate pension funding from retiree healthcare funding by January 1, 2009.

Pension Funding Requirements for Regional Transportation Authority, Metra, and Pace Pension Funds (P.A. 94-0839)

P.A. 94-0839 stipulates that the RTA, Metra, and Pace shall have a general duty to make timely contributions to their respective defined benefit pension plans in accordance with the terms of each plan. If any of the aforementioned funds falls below a 90% funded ratio, the employer will be required to contribute at an amount sufficient to bring the funded ratio up to 90% in accordance with an amortization schedule adopted jointly by the employer and the trustee of the pension fund. The amortization schedule may extend for up to 50 years. P.A. 94-0839 further states that if any of the aforementioned employer-sponsored defined benefit plans reaches a 90% funded level, the employer and the trustee of the fund may cancel the amortization schedule and instead make annual contributions sufficient to maintain a 90% funded ratio.

RTA Oversight of CTA Pension Funding (P.A. 94-0839)

P.A. 94-0839 requires the Regional Transportation Authority to continually review the status of the CTA's pension contributions. If the RTA determines that the CTA is more than one month overdue in making a pension contribution in accordance with its funding plan, the RTA will be required to pay the amount of the overdue contribution to the CTA pension fund out of state funds otherwise payable to the CTA.

Formula Increase for IMRF SLEP Employees (P.A. 94-0712)

Prior to the enactment of P.A. 94-0712, the IMRF Sheriff's Law Enforcement Personnel retirement formula provided an annuity of 2.5% of final earnings for the first 20 years of service, plus 2% of final earnings for the next 10 years of service, plus 1% of final earnings for each year in excess of 30, up to a maximum annuity of 75% of final earnings. The Act changed the SLEP formula for members retiring after July 1, 2004, to 2.5% of final earnings for each year of service and increases the maximum annuity to 80% of final earnings.

95th General Assembly (2007 – 2008)

CTA Pension Fund Management Structure (P.A. 95-0708)

Prior to the enactment of P.A. 95-0708, the committee responsible for the governance and administration of the CTA Pension Fund was known as the Retirement Allowance Committee. The Act abolished this committee and replaced it with an 11 member Board of Trustees. Five members shall be appointed by the Chicago Transit Board; three members shall be appointed by the labor organization representing the highest number of CTA participants; one member shall be appointed by the labor organization representing the second-largest number of CTA participants, and one member shall be appointed by the employees not represented by a labor organization representing the highest or second-highest number of CTA participants. The final member shall be a professional fiduciary who is an expert in pension plan collective bargaining, and shall be selected by the Regional Transportation Authority Board of Directors.

CTA Pension Fund Investment Authority (P.A. 95-0708)

P.A. 95-0708 stipulates that the Board of Trustees may cause retirement plan funds to be invested in any type of investment permitted for the investment of moneys held by any of the State pension or retirement systems, any unit of local government or school district, or any agency or instrumentality thereof. The Act states that the board may, by a vote of at least two-thirds of the trustees, place retirement plan funds under the investment management of the Illinois State Board of Investment.

CTA Pension Fund Benefit Eligibility (P.A. 95-0708)

All individuals who were participants in the CTA Pension Fund prior to the effective date of the Act (Jan. 18, 2008) shall automatically be members of the new retirement fund, and shall continue receiving the same benefits. For all CTA employees hired on or after the effective date, the following conditions with respect to retirement shall be applicable: full retirement benefits at age 64 with 25 years of continuous service, or a reduced retirement benefit at age 55 with 10 years of continuous service.

Pension Contribution Rates for CTA Employees (P.A. 95-0708)

Beginning January 18, 2008, all participating employees shall contribute 6% of compensation, and the CTA shall contribute 12% of compensation to the Plan. For the period ending December 31, 2040, the amount of debt service on any pension obligation bonds will be treated as a credit against the CTA contribution to the Plan, up to a limit of 6% of compensation.

Contribution Increases to CTA Pension Fund (P.A. 95-0708)

P.A. 95-0708 makes the following contribution changes: if the funded ratio of the CTA pension fund is projected to fall below 60% for any year before 2040, the Board of Trustees will calculate as a level percentage of payroll the amount of increased contributions necessary to eliminate the shortfall within 10 years. These additional contributions will be required for each year prior to 2040 with one-third of the increase coming from increased employee contributions and two-thirds coming from increased employer contributions, in excess of normal contribution rates. For the period beginning 2040, the minimum contribution to the retirement Plan for each fiscal year shall be an amount sufficient to increase the funded ratio to 90% by the end of 2059. Participating employees will be responsible for one-third of the required additional contribution and the CTA will be responsible for two-thirds of the required additional contribution. Beginning in 2060, the required total contributions will be the amount necessary to keep the funded ratio at 90% each year, and the contribution shall be funded two-thirds by the CTA and one-third by the participating employees.

Creation of Health Care Trust for CTA Employees (P.A. 95-0708)

P.A. 95-0708 provides the CTA shall take all lawful actions necessary to separate the funding of retiree health benefits from the funding for the pension plan no later than July 1, 2009. A Retiree Health Care Trust shall be established 90 days after the effective date for the purpose of providing retirement health care benefits. The Act also states that the Retiree Health Care Trust shall assume sole responsibility for providing health care benefits to eligible retirees and their dependents and survivors no later than July 1, 2009.

CTA Health Care Trust Board of Trustees (P.A. 95-0708)

The Trust shall be governed and administered by a Board of Trustees consisting of 7 members. Three members shall be appointed by the Chicago Transit Board; one member shall be appointed by the labor organization representing the highest number of CTA participants; one member shall be appointed by the labor organization representing the second-largest number of CTA participants; and one member shall be appointed by the employees not represented by a labor organization representing the highest or second-highest number of CTA participants. The final member shall be a professional fiduciary who has experience in collectively bargained employee pension health plans, and shall be selected by the Regional Transportation Authority Board of Directors. The Act stipulates that the health care trust will not offer any health insurance plan which provides for more than 90% coverage for in-network services or 70% coverage for out-of-network services after any deductible has been paid.

CTA Health Care Trust - Contributions and Investment Authority (P.A. 95-0708)

Contributions into the Trust will come from employee contributions totaling no less than 3% of compensation. The Board of Trustees will also have the discretion to require contributions from retirees, dependents and survivors based upon their years of service, levels of coverage or Medicare eligibility, provided that the total of these contributions do not exceed 45% of the total benefit costs. Funds in the Trust may be invested in the manner described above for other retirement plan moneys. In order to be eligible for retiree health care benefits, the retiree must be at least 55 years of age, retire with 10 or more years of service, and satisfy any other rules that the board may establish.

Pension Bond Issuance for CTA Pension Plan (P.A. 95-0708)

The CTA is authorized to issue $1.3 billion in new bonds for the pension system. After payment of the costs of issuance and necessary deposits related to debt service, the net proceeds of approximately $1.1 billion will go only into the Retirement Plan for Chicago Transit Authority Employees. In addition, the CTA is authorized to issue $639.7 million in new bonds for healthcare funding. After payment of the costs of issuance and necessary deposits related to debt service, the bond sale net proceeds of approximately $528.8 million will go only into the Retiree Health Care Trust.

96th General Assembly (2009 – 2010)

Issuance of Pension Obligation Notes (P.A. 96-0043)

P.A. 96-0043 mandates the issuance of new pension bonds totaling $3.466 billion. The bond sale proceeds, net of sales expenses, will be used as a portion of the FY 2010 State contributions to the various State pension systems. Specifically, the Act establishes the FY 2010 State pension contributions as follows: (1) TRS - $2,089,268,000, (2) SERS - $723,703,100, (3) SURS - $702,514,000, (4) JRS - $78,832,000, (5) GARS - $10,454,000. The FY 2010 total inflows into each of the 5 systems from all sources will be equal to the GRF portion of the certified amounts for each system. P.A. 96-0043 also establishes that as of June 30, 2008, the actuarial value of each system's assets will be equal to their market value. In determining the actuarial value of the systems' assets for fiscal years after June 30, 2008, any unexpected gains or losses from investment returns incurred in a fiscal year will be recognized in equal annual amounts over the 5 year period following that fiscal year. An unexpected gain or loss will be defined as any deviation from the forecasted 8.0% - 8.5% return on invested assets. P.A. 96-0043 contains a statement of legislative intent that all of the operating funds freed up by the bond sale should be used to fund programs and services provided by community-based human services providers to ensure the State continues assisting the most vulnerable citizens.

Calculation of Final Average Salary for Annuity Purposes - General Assembly Retirement System (P.A. 96-0207)

P.A. 96-0207 provides that for participants who become a member of GARS on or after August 10th, 2009 (the effective date of the Act), retirement annuities will be based on the 48 consecutive months of service within the last 120 months of service in which the total compensation was the highest, or by dividing the total period of service, if less than 48 months, by the number of months of service in that period.

Calculation of Final Average Salary for Annuity Purposes - Judges Retirement System (P.A. 96-0207)

P.A. 96-0207 provides that for participants who become members of JRS on or after August 10th, 2009 (the effective date of the Act), retirement annuities will be calculated by dividing the total salary of the participant during the period of the 48 consecutive months of service within the last 120 months of service in which the total compensation was the highest, or the total period of service, if less than 48 months, by the number of months of service in that period.

Illinois Governmental Ethics Act (P.A. 96-0006)

Currently, elected officials and members of certain boards and commissions are required to file verified written statements of economic interests. Public Act 096-0006 amends the Illinois Governmental Ethics Act to add that members of the board of any retirement system, pension fund or investment board established under the Illinois Pension Code will be required to file verified written statements of economic interests only if they are not already required to file such a statement.

Creation of Investment Working Group (P.A. 96-0006)

Public Act 096-0006 amends the State Treasurer Act to add a new Section titled, "working group; peer cost comparison." The Treasurer shall convene a working group consisting of representatives from the retirement systems, pension funds, and investment board created under the Illinois Pension Code, persons that provide investment services, and members of the financial industry. The working group shall review the performance of investment managers and consultants providing investment services for the retirement systems, pension funds, and investment board created under the Illinois Pension Code. The group shall develop uniform standards for comparing the costs of investment services and make recommendations to the retirement systems, pension funds, and investment board. The working group shall draft a report, and the Treasurer must submit such report, to the Governor and the General Assembly by January 1, 2011.

Expansion of Fiduciary Duties (P.A. 96-0006)

Currently, the Illinois Pension Code defines a fiduciary as someone who exercises discretionary authority or discretionary control respecting management of the pension fund or retirement system. Those who render investment advice for a fee or other compensation are acting in a fiduciary capacity pursuant to current law. Public Act 096-0006 amends the Illinois Pension Code to stipulate that rendering advice with respect to the selection of fiduciaries in and of itself constitutes a fiduciary duty.

Requirements for Consultants (P.A. 96-0006)

Public Act 096-0006 amends the Illinois Pension Code to add a new Section concerning consultants. The new Section states that "consultant" means any person or entity retained or employed by the board of a retirement system, pension fund, or investment board to make recommendations in developing an investment strategy, assist with finding appropriate investment advisers, or monitoring the board's investments.

Reporting Requirements for Emerging Investment Managers (P.A. 96-0006)

Public Act 096-0006 requires that each retirement system, pension fund, and investment board, except for Downstate Police and Downstate Fire pension funds, shall submit a report to the Governor and the General Assembly by January 1 of each year. The report shall include all of the adopted policies, including the names and addresses of the emerging investment managers used, percentage of the assets under the investment control of emerging investment managers, the actions it has undertaken to increase the use of emerging investment managers, including encouraging other investment managers to use emerging investment managers as subcontractors when the opportunity arises, and also including specific actions undertaken to increase the use of minority broker-dealers.

Prohibited Transactions (P.A. 96-0006)

Public Act 096-0006 amends the Pension Code to require that a board member, employee, or consultant with respect to a retirement system, pension fund, or investment board shall not knowingly cause or advise the system, fund, or board to engage in an investment transaction with an investment adviser when the board member, employee, consultant, or their spouse (i) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (ii) has a relationship with that investment adviser that would result in a pecuniary benefit to the board member, employee, consultant, or spouse of such board member, employee, or consultant as a result of the investment transaction. Public Act 096-0006 clarifies that a consultant includes an employee or agent of a consulting firm who has greater than 7.5% ownership of the consulting firm. Any violation of this provision constitutes a Class 4 felony.

Investment Advisers and Investment Services for Downstate Police and Downstate Fire Pension Funds (P.A. 96-0006)

P.A. 96-0006 modifies the requirements for the procurement of investment advisors and investment services for Downstate Police and Fire pension funds. The Act requires that investment advisers shall be a fiduciary

with respect to the pension fund and shall be one of the following:

1. an investment adviser registered under the federal Investment Advisers Act of 1940 and the Illinois Securities Law of 1953;
2. a bank or trust company authorized to conduct a trust business in Illinois;
3. a life insurance company authorized to transact business in Illinois; or
4. an investment company as defined and registered under the federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953.
5.

Selection and Appointment of Investment Advisors and Consultants (P.A. 96-0006)

Public Act 096-0006 creates a new section in the Pension Code concerning investment services for all retirement systems, pension funds, and investment boards, except Downstate Police and Fire pension funds. Pursuant to this new Section, all contracts for investment services shall be awarded by the board using a competitive process that is substantially similar to the process required for the procurement of professional and artistic services under Article 35 of the Illinois Procurement Code. The Act states that each board of trustees shall implement this policy by June 2, 2009.

Limitations on Investment Consulting Contracts (P.A. 96-0006)

Public Act 096-0006 states that notwithstanding any other provision of law, a retirement system, pension fund, or investment board shall not enter into a contract with a consultant that exceeds 5 years in duration. The Act provides that no contract to provide consulting services may be renewed or extended. At the end of the term of a contract, however, the consultant is eligible to compete for a new contract. No retirement system, pension fund, or investment board shall attempt to avoid or contravene these restrictions by any means.

Disclosure of Fees and Commissions by Consultants (P.A. 96-0006)

P.A. 96-0006 provides that by June 2, 2009, each investment adviser or consultant currently providing services or subject to an existing contract for the provision of services must disclose to the board of trustees all direct and indirect fees, commissions, penalties, and other compensation paid by or on behalf of the investment adviser or consultant in connection with the provision of those services and shall update that disclosure promptly after a modification of those payments or an additional payment.

Investment Transparency (P.A. 96-0006)

Public Act 096-0006 amends the Illinois Pension Code to create an additional section concerning investment transparency. The purpose of this new section is to provide for transparency in the investment of retirement or pension fund assets and require the reporting of full and complete information regarding investments by pension funds, retirement systems, and investment boards. A retirement system, pension fund, or investment board subject to the Pension Code and any committees established by such system, fund, or board must comply with the Open Meetings Act.

Ethics Training (P.A. 96-0006)

Public Act 096-0006 amends the Illinois Pension Code to create a new Section concerning ethics training. All board members of a retirement system, pension fund, or investment board created under this Code must attend ethics training of at least 8 hours per year. The training shall incorporate the following areas: ethics, fiduciary duty, and investment issues and any other curriculum that the board of the retirement system, pension fund, or investment board establishes as being important.

Prohibition on Gifts (P.A. 96-0006)

Public Act 096-0006 amends the Illinois Pension Code to clarify that no trustee or employee of a retirement system, pension fund, or investment board created under the Illinois Pension Code shall intentionally solicit or accept any gift from any prohibited source.

No Monetary Gain on Investments (P.A. 96-0006)

Public Act 096-0006 amends the Illinois Pension Code to create a new section stating that no member or employee of the board of trustees of any retirement system, pension fund, or investment board or any spouse of such member or employee shall knowingly have any direct interest in the income, gains, or profits of any investments made on behalf of a retirement system, pension fund, or investment board for which such person is a member or employee, nor receive any pay or emolument for services in connection with any investment.

Fraud (P.A. 96-0006)

Public Act 096-0006 amends the Illinois Pension Code to create a new Section concerning fraud. Any person who knowingly makes any false statement or falsifies or permits to be falsified any record of a retirement system or pension fund created under this Code or the Illinois State Board of Investment in an attempt to defraud the retirement system, pension fund, or the Illinois State Board of Investment is guilty of a Class 3 felony.

Contingent and Placement Fees Prohibited (P.A. 96-0006)

Public Act 096-0006 amends the Illinois Pension Code to create a new section concerning the prohibiting of contingent and placement fees. No person or entity shall retain a person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of a retirement system, pension fund, or investment board for compensation, contingent in whole or in part upon the decision or procurement. Any person who violates this provision is guilty of a business offense and shall be fined not more than $10,000. In addition, any person convicted of a violation of this provision is prohibited for a period of 3 years from conducting such activities.

Approval of Travel or Educational Mission (P.A. 96-0006)

Public Act 096-0006 creates a new Section concerning travel and educational missions. The expenses for travel or educational missions of a board member of a retirement system, pension fund, or investment board must be approved by a majority of the board prior to the travel or educational mission.

Changes to SERS Board of Directors (P.A. 96-0006)

Public Act 96-0006 states that notwithstanding any provision of current law, the term of office of each trustee of the board appointed by the Governor who is sitting on the board is terminated on that effective date of the Act (April 3rd, 2009). Beginning on the 90th day after the effective date of this Act (July 2, 2009), the board shall consist of 13 trustees as follows:

I. the Comptroller, who shall be the Chairperson;

II. six persons appointed by the Governor with the advice and consent of the Senate who may not be members of the system or hold an elective State office and who shall serve for a term of 5 years, except that the terms of the initial appointees under this Act shall be 3 for a term of 3 years and 3 for a term of 5 years;

III. four active participants of the system having at least 8 years of creditable service, to be elected from the contributing members of the system;

IV. two annuitants of the system who have been annuitants for at least one full year, to be elected from and by the annuitants of the system.

Changes to SURS Board of Trustees (P.A. 96-0006)

Public Act 096-0006 amends the Illinois Pension Code to add that the terms of all trustees holding office on the effective date of this Act (April 3, 2009) shall terminate on that effective date. The Governor shall make nominations for appointment within 60 days after the effective date of this Act (June 2, 2009). A trustee sitting on the board on April 3, 2009 may not hold over in office for more than 90 days after that effective date. In addition to this, Public Act 096-0006 states that beginning on the 90th day after the effective date of this Act (July 2, 2009), the Board of Trustees shall be constituted as follows:

I. The Chairperson of the board of Higher Education, who shall act as chairperson of thes Board.

II. Four trustees appointed by the Governor with the advice and consent of the Senate who may not be members of the system or hold an elective State office and who shall serve for a term of 6 years, except that the terms of the initial appointees shall be 2 for a term of 3 years and 2 for a term of 6 years.

III. Four active participants of the system to be elected from the contributing membership of the system by the contributing members, no more than 2 of which may be from any of the University of Illinois campuses, who shall serve for a term of 6 years, except that the terms of the initial electees shall be 2 for a term of 3 years and 2 for a term of 6 years.

IV. Two annuitants of the system who have been annuitants for at least one full year, to be elected from and by the annuitants of the system, no more than one of which may be from any of the University of Illinois campuses, who shall serve for a term of 6 years, except that the terms of the initial electees shall be 1 for a term of 3 years and 1 for a term of 6 years.

Termination of TRS Executive Director (P.A. 96-0006)

Public Act 096-0006 amends the Illinois Pension Code to add that the secretary and chief executive officer of the Teachers' Retirement System, known as the Executive Director, holding that position on April 1, 2009 is terminated on July 1, 2009, by operation of law, and shall thereafter no longer hold that position or any other employment with the system. The board is directed to take whatever action is necessary to effectuate this termination.

Changes to the TRS Board of Trustees (P.A. 96-0006)

Public Act 096-0006 amends the Pension Code to change the composition of the TRS board of trustees. The board shall consist of 13 members, 6 of whom shall be appointed by the governor; 4 active teachers elected by the contributing members, and 2 annuitant members elected by the annuitants of the system. The Superintendent of Education is an ex-officio member who serves as president of the board.

97th General Assembly (2011 – 2012)

Anti-Fraud Provisions (P.A. 97-0651)

P.A. 97-0651 provides that any reasonable suspicion of a false statement by any appointed or elected commissioners, trustees, directors, board members, or employees of a retirement system or pension fund governed by the Pension Code or the State Board of Investment shall be immediately referred to the board of trustees of the pension fund or the State Board of Investment. The Act also states that the board shall immediately notify the State's Attorney of the jurisdiction where any alleged fraudulent activity occurred.

Pension Credit for Employees of Statewide Teacher Organizations – SURS and TRS (P.A. 97-0651)

Prior to the enactment of P.A. 97-0651, members of SURS and TRS were allowed to earn pensionable service credit while working for a statewide teacher organization or national teacher organization under certain conditions. P.A. 97-0651 specifies that such service credit can only be earned if the individual first became a full-time employee of the teacher organization and becomes a participant before the effective date of this amendatory Act (January 5th, 2012). This provision effectively prohibits members of SURS and TRS from earning this type of service credit after January 5th, 2012.

Repeal of Optional TRS Service Credit Provision of P.A. 94-1111 (P.A. 97-0651)

P.A. 94-1111, which became effective on February 27th, 2007, allowed certain employees of statewide teacher organizations to establish service credit in TRS for periods of employment prior to becoming certified as a teacher if certain conditions were met before the effective date of the Act. P.A. 97-0651 repeals this provision.

Payment for Reciprocal Service in GARS (P.A. 97-0967)

P.A. 97-0967 amends the GARS and the General Provisions Articles of the Illinois Pension Code. In cases where a GARS participant's final average salary in a retirement fund governed under the Retirement Systems Reciprocal Act is used to calculate a GARS pension, and in cases where the final average salary in a reciprocal system is higher than the final salary for annuity purposes in GARS, then the employer of the participant in the reciprocal system must pay to GARS the increased cost that is attributable to the higher level of compensation.

Creation of the State Actuary (P.A. 97-0694)

P.A. 97-0694 amends the Illinois State Auditing Act to permit the Auditor General to contract with or hire an actuary to serve as the State Actuary. The Act allows the Auditor General to select the State Actuary without engaging in a competitive procurement process. The State Actuary will have the responsibility for conducting reviews of the actuarial practices of the State retirement systems and identifying recommended changes in actuarial assumptions that the boards of the systems must consider before finalizing their certifications of the required annual State contributions.

98th General Assembly (2013 – 2014)

Temporary Extension of the TRS Early Retirement Option (ERO) (P.A. 98-0042)

Currently, TRS members who do not use the modified Early Retirement Option (ERO) under P.A. 94-0004 who retire with less than 35 years of service see a reduction of 6% per year for every year they are under the age of 60. By utilizing ERO, teachers who are between the ages of 55 and 60 who have at least 20 but less than 35 years of service may retire without a discounted annuity by paying a specified amount to TRS. School district contributions are also required for a member to retire under ERO. P.A. 94-0004, which became effective on July 1, 2005, set the member ERO contribution rate at 11.5% multiplied by the lesser of the number of years of partial years of service under 35 years, or the number of years or partial years the teacher is shy of age 60. The school district ERO contribution rate is currently set at 23.5% multiplied by each year or partial year that the teacher's age is less than 60.

P.A. 94-0004 required COGFA to make a recommendation to the General Assembly by February 1, 2013 on any proportional adjustments to member and employer contribution rates. In accordance with TRS' experience study by Buck Consultants, COGFA's actuary, Sandor Goldstein, conducted a review of Buck's recommended revision to member and employer ERO contribution rates. Mr. Goldstein found the revised rates (14.4% for members and 29.3% for employers) to be sufficient to fund 100% of the ERO benefit. COGFA's recommendation was transmitted to the General Assembly on January 10th. SB 1366 extends the ERO at the employee and employer rates recommended by COGFA for members who retire on or after July 1, 2013 and before July 1, 2016.

Chart #1

Pension Ramp Legislation Original Projections vs. Actual and Current Projections

$ in Millions where applicable

							Difference	
FY	1994 Projection Contributions (1)	Annual Increase	Projected Funded Ratio	Actual Annual Contributions (2)	Annual Increase	Actual Funded Ratio	Annual Contribution	Funded Ratio
1996	$607		52.3%	$609		53.1%	$2	0.8%
1997	$718	18.3%	52.6%	$712	16.9%	70.1%	-$6	17.5%
1998	$839	16.9%	52.0%	$881	23.7%	72.2%	$42	20.2%
1999	$970	15.6%	51.6%	$1,128	28.0%	73.0%	$158	21.4%
2000	$1,109	14.3%	51.4%	$1,230	9.0%	74.7%	$121	23.3%
2001	$1,256	13.3%	51.0%	$1,351	9.8%	63.1%	$95	12.1%
2002	$1,419	13.0%	51.5%	$1,473	9.0%	53.5%	$54	2.0%
2003	$1,591	12.1%	51.7%	$1,631	10.7%	48.8%	$40	-2.9%
2004	$1,776	11.6%	52.1%	$9,181	462.9%	60.9%	$7,405	8.8%
2005	$1,967	10.8%	52.5%	$1,640	-82.1%	60.3%	-$327	7.8%
2006	$2,172	10.4%	52.9%	$944	-42.4%	60.5%	-$1,228	7.6%
2007	$2,390	10.0%	53.4%	$1,389	47.1%	62.6%	-$1,001	9.2%
2008	$2,623	9.7%	54.0%	$1,986	43.0%	54.3%	-$637	0.3%
2009	$2,871	9.5%	54.7%	$2,728	37.4%	38.4%	-$143	-16.3%
2010	$3,140	9.4%	55.4%	$4,038	48.0%	38.3%	$898	-17.1%
2011	$3,271	4.2%	56.2%	$4,241	5.0%	43.3%	$970	-12.9%
2012	$3,411	4.3%	56.9%	$4,911	15.8%	39.0%	$1,500	-17.9%
2013	$3,536	3.7%	57.6%	$5,868	19.5%	39.3%	$2,332	-18.3%
2014	$3,709	4.9%	58.3%	$6,833	16.4%	39.3%	$3,124	-19.0%
2015	$3,881	4.6%	59.0%	$6,936 *	1.5%	41.5%	$3,055	-17.5%
2016	$4,062	4.7%	59.7%	$7,617 *	9.8%	43.0%	$3,555	-16.7%
2017	$4,253	4.7%	60.4%	$7,605 *	-0.2%	44.8%	$3,352	-15.6%
2018	$4,452	4.7%	61.1%	$7,779 *	2.3%	46.2%	$3,327	-14.9%
2019	$4,662	4.7%	61.9%	$7,907 *	1.6%	46.9%	$3,245	-15.0%
2020	$4,898	5.1%	62.5%	$8,065 *	2.0%	47.6%	$3,167	-14.9%
2021	$5,146	5.1%	63.0%	$8,318 *	3.1%	48.3%	$3,172	-14.7%
2022	$5,407	5.1%	63.5%	$8,583 *	3.2%	49.1%	$3,176	-14.4%
2023	$5,681	5.1%	64.0%	$8,860 *	3.2%	49.8%	$3,179	-14.2%
2024	$5,969	5.1%	64.6%	$9,129 *	3.0%	50.6%	$3,160	-14.0%
2025	$6,271	5.1%	65.2%	$9,410 *	3.1%	51.3%	$3,139	-13.9%
2026	$6,568	4.7%	65.8%	$9,724 *	3.3%	52.2%	$3,156	-13.6%
2027	$6,920	5.4%	66.5%	$10,048 *	3.3%	53.1%	$3,128	-13.4%
2028	$7,269	5.0%	67.2%	$10,363 *	3.1%	54.0%	$3,094	-13.2%
2029	$7,635	5.0%	68.0%	$10,690 *	3.2%	55.0%	$3,055	-13.0%
2030	$8,020	5.0%	68.8%	$11,006 *	3.0%	56.1%	$2,986	-12.7%
2031	$8,425	5.0%	69.7%	$11,324 *	2.9%	57.3%	$2,899	-12.4%
2032	$8,849	5.0%	70.7%	$11,661 *	3.0%	58.5%	$2,812	-12.2%
2033	$9,294	5.0%	71.5%	$12,012 *	3.0%	59.8%	$2,718	-11.7%
2034	**$9,763**	**5.0%**	**72.6%**	**$12,965** *	**7.9%**	**61.5%**	**$3,202**	**-11.1%**
2035	$10,255	5.0%	73.7%	$13,291 *	2.5%	63.2%	$3,036	-10.5%
2036	$10,772	5.0%	74.8%	$13,611 *	2.4%	65.1%	$2,839	-9.7%
2037	$11,314	5.0%	76.0%	$13,924 *	2.3%	67.1%	$2,610	-8.9%
2038	$11,884	5.0%	77.3%	$14,231 *	2.2%	69.3%	$2,347	-8.0%
2039	**$12,485**	**5.1%**	**78.6%**	**$15,532** *	**9.1%**	**71.6%**	**$3,047**	**-7.0%**
2040	$13,115	5.0%	80.0%	$14,827 *	-4.5%	74.1%	$1,712	-5.9%
2041	$13,778	5.1%	81.5%	$15,119 *	2.0%	76.8%	$1,341	-4.7%
2042	$14,475	5.1%	83.1%	$15,411 *	1.9%	79.7%	$936	-3.4%
2043	$15,208	5.1%	84.8%	$15,709 *	1.9%	82.9%	$501	-1.9%
2044	$15,978	5.1%	86.6%	$16,010 *	1.9%	86.3%	$32	-0.3%
2045	$16,786	5.1%	90.0%	$16,318 *	1.9%	90.0%	-$468	0.0%

(1) Source: Original 1994 Pension Ramp Payment Schedule
(2) Source: Actual Contributions State of Illinois CAFRs & Official Statements
(*) Source: CGFA Special Pension Briefing November 2014

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