



## MINUTES

**Meeting of the Board Governance Committee  
of the Board of Trustees of the  
State Universities Retirement System  
Friday, June 3, 2022, 1:00 pm.**

**Via remote access only due to COVID-19 statewide restrictions**

The meeting on June 3, 2022, was conducted via video conference pursuant to Public Act 101-0640, the Governor's Disaster proclamation dated May 27, 2022, and Section 7(e) of the Open Meetings Act. The Chair of the SURS Board of Trustees, John Atkinson, determined that a full, in-person meeting was not practical nor prudent due to ongoing Covid-19 disaster concerns.

The following trustees were present via video conference (zoom): Mr. John Atkinson; Dr. Andriy Bodnaruk; Mr. Richard Figueroa; Ms. Jamie-Clare Flaherty; Dr. Fred Giertz; Mr. Scott Hendrie; Mr. John Lyons, chair; Dr. Steven Rock; Mr. Collin Van Meter; Mr. Mitch Vogel and Dr. Scott Weisbenner.

Others present: Ms. Suzanne Mayer, Executive Director; Mr. Doug Wesley, Chief Investment Officer (CIO); Ms. Ellen Hung, Deputy CIO; Ms. Tara Myers, Chief Financial Officer; Ms. Bianca Green, General Counsel; Mr. Jefferey Saiger, Chief Technology Officer; Ms. Nichole Hemming, Chief Human Resource Officer; Ms. Kristen Houch, Director of Legislative and Stakeholder Relations; Ms. Alicia Rout, Legislative Analyst; Ms. Kelly Carson, Ms. Chelsea McCarty and Ms. Annette Ackerman, Executive Assistants; and Mr. Michael Calabrese of Foley.

Board Governance Committee roll call attendance was taken. Trustee Lyons, present; Trustee Flaherty, present; and Trustee Van Meter, present.

## APPROVAL OF MINUTES

Trustee Lyons presented the minutes from the Board Governance Committee meeting of June 4, 2021, for approval.

Trustee Van Meter made the following motion:

- That the minutes from the June 4, 2021 Board Governance Committee meeting be approved as presented.

Trustee Flaherty seconded the motion which passed via the following roll call vote:

Trustee Flaherty	aye
Trustee Lyons	aye
Trustee Van Meter	aye

## **CHAIRPERSON'S REPORT**

Trustee Lyons did not have a formal report.

## **REVIEW AND APPROVAL OF SURS BOARD OF TRUSTEES MANUAL**

Ms. Bianca Green and Mr. Michael Calabrese provided an overview of the proposed changes and updates to the SURS Board Manual. Ms. Green stated the governance changes reflect all of the changes the board approved during the past year.

Trustee Van Meter made the following motion:

- That the proposed Board Governance Manual for fiscal year 2023 be approved as presented.

Trustee Lyons seconded the motion which passed via the following roll call vote:

Trustee Flaherty	aye
Trustee Lyons	aye
Trustee Van Meter	aye

A copy of the "SURS Board of Trustees Governance Manual" is incorporated as part of these minutes as [Exhibit 1](#).

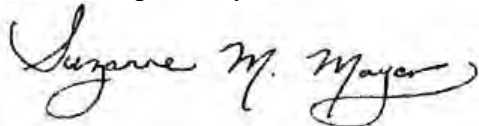
## **PUBLIC COMMENT**

There were no public comments presented to the Board Governance Committee.

There was no further business brought before the committee and Trustee Van Meter moved that the meeting be adjourned. The motion was seconded by Trustee Lyons and it passed via the following roll call vote:

Trustee Flaherty	aye
Trustee Lyons	aye
Trustee Van Meter	aye

Respectfully submitted,



Ms. Suzanne M. Mayer  
Executive Director and Secretary, Board of Trustees

SMM:aa

# **STATE UNIVERSITIES RETIREMENT SYSTEM**

## **BOARD OF TRUSTEES**

### **GOVERNANCE MANUAL**



**Reviewed on June 3, 2022**

## Purpose of the Board Governance Manual

The laws governing the State Universities Retirement System (“SURS”) provide that the Board of Trustees is responsible for the system administration. In satisfying this responsibility, each trustee must act in a fiduciary capacity. Each SURS trustee is, at all times, subject to the statutory duties of a fiduciary and the board policies governing board member conduct.

This Board Governance Manual is a guide to assist the SURS Board of Trustees in fulfilling its fiduciary responsibilities in administration of the system. Upon signing of the Oath of Office, each trustee shall be provided a copy of this manual.

The Board Governance Manual, and all attached documents and policies, shall be reviewed and amended by the Board whenever circumstances warrant action.

Should inconsistencies exist between this Manual and the laws governing this system, the law shall prevail.

## History of SURS

In the 1930s, the University of Illinois’ retirement benefits were in desperate need of adequate funding. A special Retirement Committee was formed in 1937 to study the problem. The four-year study resulted in a bill that created the University Retirement System for employees of the University of Illinois and other state educational and scientific agencies.

The University Retirement System opened its doors on September 1, 1941, in the University of Illinois Administration Building. By 1942, the System had 3,760 participants. In the following years, the University Retirement System continued to evolve with additional staff and changes in location. By 1958, the System had 12 employees and, in 1963, adopted its current name: State Universities Retirement System.

SURS currently employs 166 people located in the Champaign and Naperville offices. More importantly, we provide service to 68 employer agencies and more than 227,000 active, inactive, and retired members.

SURS is governed by the Illinois Pension Code, 40 ILCS, specifically articles 1, 1A, 15, 20, and 22.

## SURS Mission

To secure and deliver the retirement benefits promised to our members.

## SURS Organization – Refer to 40 ILCS 15-159 Board Created



### SURS Board of Trustees

The SURS Board of Trustees is comprised of 11 members.

- Four Governor-appointed members
- Four contributing members who are elected by the contributing members of SURS
- Two annuitant members who are elected by the annuitant members of SURS
- The Chairperson of the SURS Board may also be appointed by the Governor to serve as the Chairperson of Illinois Board of Higher Education

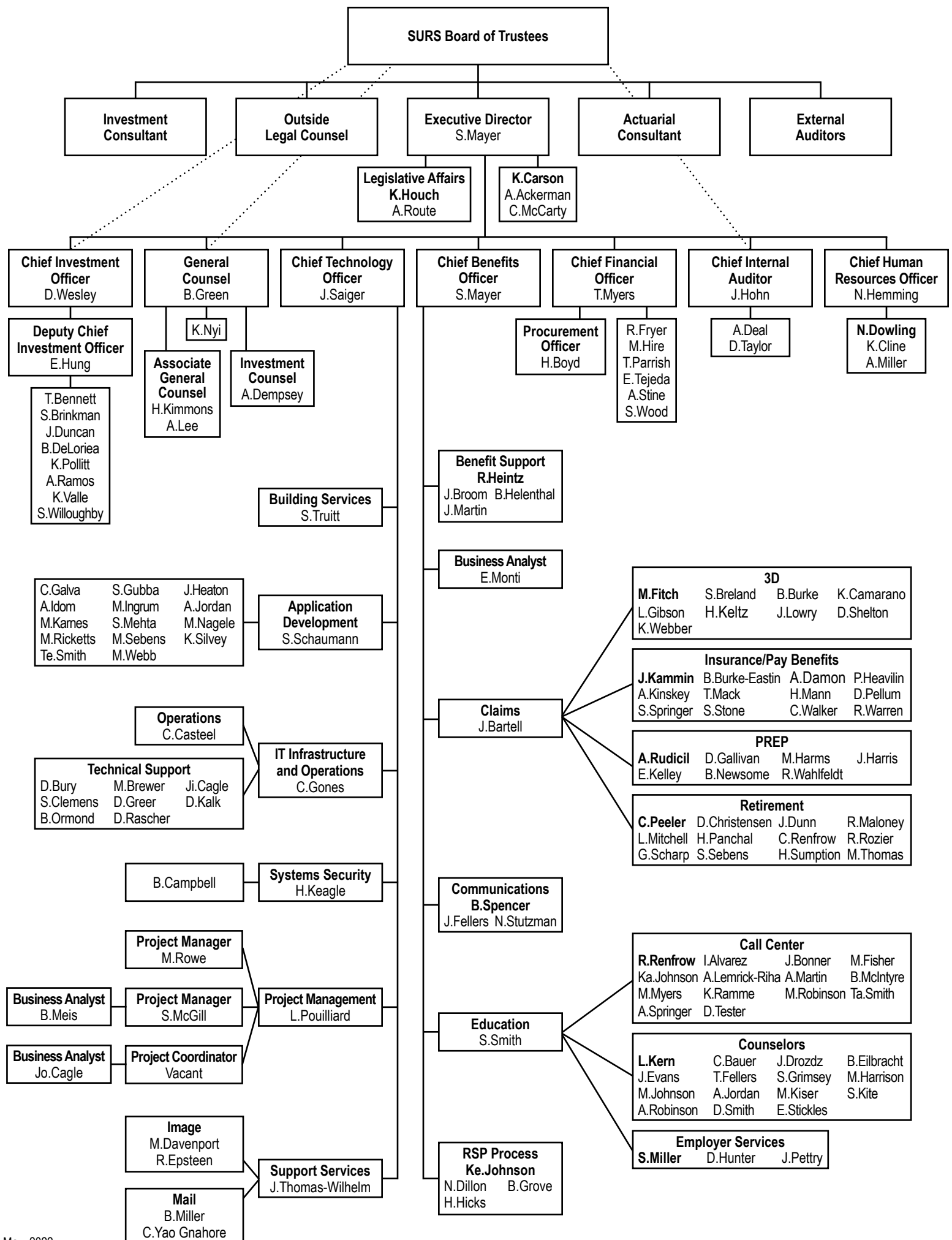
### Board Standing Committees

SURS Bylaws provide for an Executive Committee and six Standing Committees. The Committees are as follows:

- Audit & Risk Committee
- Investment Committee
- Legal & Legislative Committee
- Executive Committee
- Diversity Committee
- Administration Committee
- Board Governance Committee

The Standing Committee Charters may be found under the Committee Charters section of this Board Manual.

{SURS organizational chart to follow}



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# **Bylaws of the Board of Trustees**

Revised and approved on 9/10/2021 by the SURS Board of Trustees

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## BYLAWS OF THE BOARD OF TRUSTEES

### Section 1 Meetings

**Regular meetings.** The Board of Trustees of the State Universities Retirement System, hereinafter referred to as the Board, shall have regular meetings during the months of March, June, September, and December, unless by vote of the Board or order of the Chairperson, the date of any meeting is changed. The fourth regular meeting of each fiscal year shall be the annual meeting.

**Annual meeting.** The agenda for the annual meeting shall include, but not be limited to:

- Election of officers and at-large members,
- Appointment of standing committees,
- Approval of meeting dates,
- Review and approval of Board governance manual.

**Special meetings.** Special meetings may be called by the Chairperson or a majority of the Board by giving at least five days' notice thereof by email to each of the other members of the Board.

**Meeting conduct and agendas.** The Board of Trustees will conduct its meetings in accordance with the Illinois Open Meetings Act.

Meeting agendas will be prepared at the direction of the Chairperson who shall consult with and give direction to the Executive Director. The matters included for discussion and action shall include those submitted by:

- Any Trustee, with the concurrence of any other Trustee
- A Board Committee
- The Chairperson

Agenda items may only be removed or postponed for consideration at the next scheduled meeting by the person or committee that added the item or by a majority of the Board.

### Section 1.1 Indemnity

The State Universities Retirement System, hereinafter referred to as the System, shall indemnify and hold harmless its employees and the members of the Board for all acts taken in furtherance of the business of the System, to the fullest extent permitted by law.

### Section 2 Quorum

**Quorum.** A majority of the Board shall be a quorum, but a majority of a quorum shall not be less than a majority of the Board for the transaction of business, provided that a smaller number may meet and adjourn to some other time or until a quorum is obtained. No motion, resolution, directive to staff, or other action shall be effective unless a quorum is present, and a majority of the Board vote in favor of such a motion, resolution or other action.

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**Voting.** Assuming a quorum is present, any action that the Board or Board Committee is authorized to take must be approved by a majority of the Board or Board committee. Voting shall be oral and without roll call, except when a roll call is requested by a member. In that case, the votes shall be polled and the “yeas” and the “nays” recorded. The order for polling the Board shall be alphabetical. When there is a tie vote, the question is defeated.

## **Section 2.1 Quorum Requirements and Voting of Board Committees**

The quorum and voting requirements for committees established by the Board shall be as set forth in this section.

**Quorum.** To the extent not otherwise specifically established, the quorum requirement for a committee of the Board is the least number more than 50% of the membership of the committee. If required at any meeting of a committee for purposes of establishing a quorum, the Chairperson may serve as a member of the committee for that meeting. The Board Chair, or the Committee Chair if the Board Chair has not done so, may appoint another Trustee or Trustees to the committee on an ad hoc basis to the extent necessary to establish a quorum. A smaller number may meet and adjourn to some other time or until a quorum is obtained. No motion, resolution, or other action shall be effective unless a quorum is present.

**Voting.** Any Trustee who is not a member of a committee may attend the meetings of such committees, and may participate in the discussion at such meeting, but shall not be counted for purposes of establishing a quorum, and may not vote unless appointed as an ad hoc member of the Committee.

The provisions of this section do not apply to the Executive Committee, which is governed by Section 15 of these Bylaws.

## **Section 3 Officers and Administrative Staff**

**Officers.** The officers of the Board shall consist of a Chairperson, a Vice-Chairperson, a Secretary and Executive Director, and a Treasurer. The Chairperson, Vice-Chairperson and Treasurer must be members of the Board. The Secretary and Executive Director may not be a member of the Board. The Chairperson shall be as designated in 40 ILCS 5/15-159.

**Election; Officers.** Not less than five (5) days prior to the annual meeting, the Chairperson shall submit to the Board nominations for the Vice-Chairperson and Treasurer positions. At the annual meeting the floor shall be open to any additional nominations from members of the Board, including self-nominations. The Board will then vote on the nominations. Following the Board’s approval of the nominations, the Vice-Chairperson and Treasurer shall take office beginning on the following day. In the event that no nominee for an individual position receives a majority of the votes there will be a second election between the two nominees that received the most votes in the first election.

**Term.** The Vice-Chairperson and Treasurer shall hold their respective offices for one year or until their successors are elected and qualified. Any vacancy in an office, other than the office of

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Chairperson shall be filled in accordance with the annual officer nomination and election procedures in these Bylaws at any regular meeting or a special meeting of the Board called for the purpose, and if so elected shall take office immediately and shall hold their respective offices until their successors are elected and qualified.

#### **Section 4      Duties of the Board**

Board members are SURS fiduciaries and shall discharge their duties in the exclusive interest of members and annuitants for the purpose of providing authorized benefits to participants and their beneficiaries. The Board, directly or through its designees, shall discharge all of its duties as assigned to it in applicable sections of the Illinois Pension Code and as otherwise imposed by law. By way of clarification and without limitation, the Board shall directly:

- (a) Adopt and periodically review rules, regulations, policies, and amendments to these Bylaws as deemed appropriate for the operation of the system;
- (b) Be responsible for the selection, job description, assignment of duties, placement of constraints on the authority of, performance evaluation, compensation, and discipline, including dismissal, of the Executive Director;
- (c) Select, set the compensation of, and if necessary dismiss, the Chief Investment Officer;
- (d) Provide oversight and direction to the Executive Director to ensure that effective management practices are followed in the organization;
- (e) Approve the annual operating budget;
- (f) Ensure that the Executive Staff provides an appropriate working environment for staff members;
- (g) Receive reports from the staff, investment counsel, consultants, and others regarding the investment portfolio;
- (h) Direct and approve the investment of SURS assets, review investment performance, asset mix, portfolio characteristics, cash flow, and transactions, and monitor compliance with investment policies and guidelines;
- (i) Ensure the establishment of a system for equitable and effective hiring, evaluation, compensation, and termination of employees;
- (j) Establish and define the roles of committees to make recommendations to the Board and help carry out the Board's responsibilities; however, such committees may not exercise authority of the Board as a whole unless the Board delegates such authority to such committee in these Bylaws or in the applicable committee charter, and the Board may consider or take any action otherwise specified to be taken or considered by a committee created pursuant to these Bylaws;

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- (k) Delegate authority to the staff through the Executive Director;
- (l) In consultation and cooperation with the Executive Director, ensure that the Internal Auditor has:
  - (i) Unfettered access to all information that he or she may require to assist the Board in providing oversight of staff's activities;
  - (ii) The opportunity and duty to independently report to the Board and/or the Chairperson, without interference or negative repercussions, his or her findings with respect to any material violations of law or policy or other malfeasance, misfeasance, or nonfeasance by staff, which reports shall include information as to any actions already taken to address such violations by the Executive Director or other staff members with responsibility for the matter.
- (m) Set salary ranges for staff positions, in consultation with the Administration Committee and Executive Director;
- (n) Perform any other duties imposed on the Board by law or reasonably necessary to the fulfillment of its fiduciary duties, unless the performance of such duties has been properly delegated by the Board.

Unless the Board provides otherwise, an individual Trustee has no authority with respect to the System apart from his or her participation of actions of the Board or its Committees, and shall refrain from purporting to exercise any such authority in his or her individual capacity, or from representing that he or she has unilateral authority to act on behalf of the System. The preceding sentence shall not be construed to prohibit a Trustee from requesting information or guidance in connection with the performance of his or her duties as a Trustee, from the Executive Director, the Chief Investment Officer, the General Counsel or any of their designees, or from the System's outside professional advisors.

Individual Trustees are not to become involved in the operational management of the System, except as requested by the Executive Director or directed by the Board. "Operational Management" shall mean the carrying out of any duty, function, or task validly delegated to any employee, vendor, consultant, contractor, or other party on behalf of the System.

## **Section 5        Duties of the Chairperson**

The Chairperson shall execute all the responsibilities assigned by statute or administrative rule to the Chairperson of the Board. The Chairperson shall preside at all meetings of the Board and the Executive Committee; shall certify, together with the Secretary, on behalf of the Board, all warrants, checks or drafts on its bank in accordance with actions of the Board authorizing payments for benefits, expenses, and investments out of funds belonging to the System and in the hands of the custodian bank; and shall see that all necessary committees perform their assigned duties.

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## **Section 6        Duties of the Vice-Chairperson**

The Vice-Chairperson shall preside at all meetings at which the Chairperson would otherwise preside but from which the Chairperson is absent. The Vice-Chairperson shall assume all of the duties of Chairperson if the Chairperson becomes statutorily ineligible to serve in that capacity, is legally incapacitated, or dies. The Vice-Chairperson shall relinquish those duties when a new Chairperson is properly qualified.

## **Section 7        Duties of the Secretary and Executive Director**

The Secretary and Executive Director, who shall be the same person, shall be the Chief Executive Officer in charge of the management of the System including, but not limited to, the retirement fund, operating budget, appointment and management of personnel, and the other day-to-day activities of the System. The Executive Director shall be the single point of delegation of the Board's authority, unless otherwise provided by the Board in these Bylaws or by other written delegation. In furtherance of these general duties, the Executive Director shall:

- (a) Take minutes of the Board's proceedings;
- (b) Keep all records, papers, and documents pertaining to the work of the Board;
- (c) Certify, together with the Chairperson, on behalf of the Board, all warrants, checks or drafts on its depository bank or corporate trustee in accordance with actions or delegated actions of the Board authorizing payments for benefits, expenses and investments out of funds belonging to the System and in the hands of the depository bank or corporate trustee;
- (d) Attest all documents signed by the Chairperson on the authority of the Board;
- (e) Give notice in writing or by email, to all members of the Board of all meetings of the Board not later than five days previous to any meeting;
- (f) Collect all monies due the Board, except investment income and proceeds from sales or redemptions of securities;
- (g) Endorse, only for deposit in the depository bank approved by the Board or for transfer to the corporate trustee employed by the Board, all warrants, checks, drafts and other remittances payable to the order of the Board or the System, which are received by him or her and see that same are deposited immediately with the depository bank or corporate trustee;
- (h) Submit to the Board at each annual meeting or at such other time as may be appropriate, a budget for the administrative expenses of the System;
- (i) Keep the accounts of the System as approved by the Board;

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- (j) Be custodian of all property owned by the Board other than the money and property in the custody of the depository bank or corporate trustee;
- (k) Consistent with the budget approved by the Board, and subject to the fiduciary discretion of the Board, and with the exception of the position of Executive Director and Chief Investment Officer, employ such personnel, professional, clerical, actuarial, legal, medical, corporate trustee, investment agents, governance, and other services which may from time to time be required, and fix their compensation;
- (l) Prepare and approve all vouchers for benefits, expenses, and investments;
- (m) Prepare all warrants or drafts on the depository bank or corporate trustee for the signature of the proper officers, provided that (1) no payments for other than general administrative expenses and benefit payments and refunds shall be made without the prior approval of the Board or the Executive Committee, except as expressly provided herein, and (2) vouchers covering payments to the Secretary and Executive Director shall be approved by the Chairperson;
- (n) Serve as spokesperson for the System when so authorized, consistent with these Bylaws and the Board's Communication Policy;
- (o) Ensure that the Board is provided with such relevant information as the Executive Director or his or her designees possess or can reasonably obtain to assist the Board in the performance of its duties, including but not limited to information regarding:
  - (i) Member service, investment, financial, legal, and legislative activities;
  - (ii) Material non-compliance of any System employees, contractors, consultants, or Trustees with applicable policies or law related to the System;
  - (iii) Reasonably anticipated media coverage, unexpected losses or liabilities, legislative changes, audits, investigations, or charges; and
  - (iv) Necessary or recommended organizational changes.
- (p) Satisfy all such duties described in the Executive Director Policy, Position Description, and Employment Contract, and perform such other duties that are called for by the rules, orders, policies, directives and resolutions of the Board;
- (q) Sign all documents, including contracts, necessary to carry out any decision including investment decisions, made or approved by the Board, unless such signature authority is explicitly delegated to another member of the Executive Staff or otherwise delegated by the Board;
- (r) In the event of absence from a Board meeting of all of the Chairperson, Vice-Chairperson, and Treasurer, preside at the Board meeting for the sole purpose of

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facilitating an election by the Board of a temporary presiding officer from among those Trustees present; and

- (s) Hire and dismiss employees, fix their compensation in a manner consistent with the salary ranges set by the Board, issue such policies and procedures as he or she may deem necessary and appropriate to govern their performance of their duties, consistent with these Bylaws, the Board's Policies, and applicable law, and oversee and evaluate the performance of all employees other than the Executive Director.

The Executive Director may, in his or her discretion:

- (x) Sign checks or otherwise disburse petty cash in amounts not to exceed two thousand five hundred dollars (\$2,500.00);
- (y) Negotiate and sign contracts with vendors, consultants, and payees of the System as authorized by Board actions, budgets, and policy, and consistent with applicable law, including conducting requests for proposals, requests for information, and bid processes and entering such contracts with vendors, consultants, and general service providers; and
- (z) Allow, deny, compromise, waive, or settle any claims, litigation, demands, actions, liabilities, losses, damages, injuries, and expenses (including, without limitation, attorneys' fees and defense costs) in any manner involving the System, provided that:
  - (i) The amount to be paid, received, or forgone pursuant to such claim, allowance, compromise or settlement does not exceed \$25,000.00, unless otherwise provided by policy;
  - (ii) The claim, allowance, compromise or settlement is recommended by the General Counsel;
  - (iii) The claim, allowance, compromise or settlement is not subject to the terms of an insurance policy wherein the insurer is granted the authority to allow, deny, compromise or settle claims or actions within the scope of such policy;
  - (iv) The claim does not place in issue, directly or indirectly, the Executive Director's conduct; and
  - (v) A summary of the claim and settlement is reported to the Board at its next regularly scheduled meeting.

In implementing the Board's directives, policies, and delegations, the Executive Director shall have the authority to interpret such directives, policies, and delegations in a reasonable manner.

Except as otherwise provided herein, the Secretary and Executive Director may appoint or employ personnel whose duties shall include the duties of the Secretary and Executive Director

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as the latter may assign or delegate to them, including the authority to perform all of the duties and exercise all of the authority of the Executive Director in cases of the Executive Director's absence or unavailability.

## **Section 8      General Counsel**

The Executive Director, in consultation with, and with the concurrence of, the Board, shall appoint a General Counsel to the System, who shall be an attorney licensed to practice law in the State of Illinois and an employee of the System. The General Counsel shall serve at the pleasure of the Executive Director and the Board, and may be removed by the Executive Director in consultation with, and with the concurrence of, the Board. The General Counsel, with the concurrence of the Executive Director, may hire, evaluate, and terminate subordinate attorneys and legal support staff to the extent authorized by the Board. The General Counsel shall be the chief legal advisor of, and attorney for, the System and all Departments and offices thereof in matters relating to their official powers and duties. The Executive Director shall oversee and evaluate the performance of the General Counsel, but shall not direct the General Counsel's exercise of his or her professional judgment or the content of his or her legal advice or opinions.

The General Counsel shall consider his or her client to be the System. The System, as the client of the General Counsel and outside attorneys, shall exercise the prerogatives of the client through its duly authorized agents with respect to a given matter, as determined reasonably by the General Counsel in light of these Bylaws, applicable Policies, and the circumstances. The General Counsel or his or her designee may select outside attorneys and retain, engage, and direct their services as may be necessary and appropriate to protect and advance the System's interests and duties, except that the Office of the Attorney General may prosecute and defend suits and claims.

The General Counsel shall direct and oversee the legal services provided by outside counsel. Where the agent of the System with authority to exercise the prerogatives of the System as client has not been designated, the Executive Director shall exercise such prerogatives in consultation with the General Counsel, to the extent necessary to effectively protect and advance the System's interests until the Board can be consulted, and shall consult as soon as practical with the Board or the Executive Committee at regular or special meetings regarding such matters.

The Board may, in consultation with the General Counsel, the Executive Director, and such other staff as it deems appropriate, engage the services of outside fiduciary counsel to provide additional legal advice to the Board, and to provide such other additional legal services to the System as the Board, the General Counsel, the Executive Director, or their designees may determine to be appropriate. The General Counsel shall generally direct and oversee the work of the Board-selected fiduciary counsel and shall be the System's primary liaison to such fiduciary counsel on a day-to-day basis, but the Board and each Trustee may directly interact with fiduciary counsel as appropriate to receive such legal advice as they may deem appropriate to assist them in the fulfillment of their duties.

In the event of a vacancy in the position of General Counsel, the Executive Director, in consultation with and with the concurrence of, the Board, may appoint a staff attorney or an attorney in private

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practice as interim General Counsel until a new General Counsel is appointed, and the Executive Director may make such appointment on a temporary basis for so long as is necessary to permit the Board to meet and consider such appointment.

## **Section 9            Certification of Checks and Drafts**

If the Board shall employ a corporate trustee or depository bank pursuant to the power and authority granted in and by 40 ILCS 5/15-169, and shall transfer to such corporate trustee or depository bank funds and investments of the System, the Chairperson and Secretary or their respective deputies approved and appointed by the Board shall, from time to time, certify on behalf of the Board, drafts or checks for payment of benefits, expenses, and investments, approved by the Board by general or special authorization, out of funds of the System in the hands of said corporate trustee or depository bank, and said corporate trustee or depository bank shall make payment as appropriate on account of any purchases of securities or other security transaction authorized by the Board or Executive Committee and shall charge the System account for the amount involved and send a detailed advice of such charges to the Secretary and Executive Director. The corporate trustee or depository bank is authorized and directed to honor checks, drafts or other orders for the payment of money drawn in this corporation's name, including those payable to the individual order of any person or persons whose name or names appear thereon as signer or signers thereof, when bearing or purporting to bear the facsimile signatures of the Chairperson and Secretary, and the corporate trustee or depository bank shall be entitled to honor and to charge the System's account for all such checks, drafts or other orders, regardless of by whom or by what means the facsimile signatures thereon may have been affixed thereto, if such facsimile signatures resemble the facsimile specimens of the signatures of the then acting Chairperson and Secretary of this corporation duly certified to or filed with the corporate trustee or depository bank by the Secretary or other officer of this corporation.

## **Section 10        Duties of the Treasurer**

The Treasurer shall serve as a member of the Executive Committee. The Treasurer shall preside at Board meetings at which the Vice-Chairperson would otherwise preside but from which the Vice-Chairperson is absent.

## **Section 11        Authorization for Sale or Purchase of Investments**

No sale, purchase, exchange, or deposit under reorganization proceedings of any investment belonging to the System may be made except by action of the Board or the Executive Committee. If the Board employs a corporate trustee or investment agent, the Secretary and Executive Director of the Board, or his or her deputies approved and appointed by the Board, shall from time to time certify action taken by the Board or the Executive Committee authorizing the sale, purchase, exchange, or deposit under reorganization proceedings of any investment held by said corporate trustee or investment agent, and any other action of the Board or the Executive Committee pertinent to the duties or powers of said corporate trustee or investment agent, and such certification shall be deemed sufficient evidence to said corporate trustee or investment agent that the required action has been taken. No sale, purchase, or other conveyance of any real estate or investment owned by the Board may be made by the Executive Committee unless

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previously specifically authorized by the Board in session or by a majority of the Board members individually in writing.

## **Section 12      Selection of Depository Bank**

The Board may select a depository bank in which the Secretary and Executive Director or the corporate trustee contracted by the Board shall deposit all monies received by them. Such monies shall be disbursed by the corporate trustee on checks or drafts signed by the Chairperson and Secretary.

## **Section 13      Furnishing of Bond by Officers and Employees**

All officers and employees shall, if required by the Board, furnish bond for such amount as the Board may determine.

## **Section 14      Parliamentary Procedure**

Rosenberg's Rules of Order, as adopted and amended from time to time by the Board, shall govern the procedure for all meetings of the Board and its committees, except to the extent otherwise provided in these Bylaws, the Illinois Compiled Statutes or the Illinois Administrative Code.

## **Section 15      Executive Committee and Duties of that Committee**

The Chairperson, the Vice-Chairperson, the Treasurer and two other ("at-large") members of the Board shall constitute the Executive Committee. The Chairperson shall be the chair of the Executive Committee.

**Election; At-large Members.** Not less than five (5) days prior to the annual meeting, the Chairperson shall submit to the Board nominations for the two at-large members. At the annual meeting the floor shall be open to any additional nominations from members of the Board, including self-nominations. The Board will then vote on the nominations. Following the Board's approval of the nominations, the at-large members shall take office beginning on the following day. In the event that no nominee for an individual position receives a majority of the votes there will be a second election between the two nominees that received the most votes in the first election.

**Term.** The at-large members shall hold their respective offices for one year or until their successors are elected and qualified. Vacancies occurring for any reason, including by reason of an increase in the number of members of the Executive Committee, shall be filled in accordance with the annual at-large member nomination and election procedures in these Bylaws at any regular meeting or special meeting of the Board called for that purpose.

**Meeting.** The Executive Committee shall meet upon the call of the chair, or of any three members thereof. Three members thereof shall constitute a quorum.

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**Powers.** The Executive Committee shall have the following powers:

(a) The Executive Committee shall have the power to decide matters referred to it by the Claims Panel pursuant to Section 17 of these Bylaws.

(b) Solely to the extent necessary to respond to matters of exigency that require timely action to protect the System's interests or those of its members, and that cannot be timely addressed at a meeting of the Board, the Executive Committee shall possess all the powers of the Board when in session, except as provided in this paragraph (b). All actions taken by the Executive Committee pursuant to this paragraph (b) shall be discussed and reviewed at the next regularly scheduled meeting of the Board, and either affirmed, modified, or reversed by the Board at such meeting, unless such actions cannot be reversed or modified as a matter of law or contract.

The Executive Committee shall not have the power, pursuant to this paragraph (b), to:

- Overrule, revise, or modify any previous acts of the Board,
- Invade the jurisdiction of any permanent or special committee of the Board,
- Lease, sell, or purchase real estate, unless previously specifically authorized by the Board in session or by a majority of the Board members individually in writing,
- Make changes, revise, modify, or overrule these Bylaws or any Committee Charter,
- Make permanent action to review or revise SURS employee compensation or performance matters,
- Permanently remove the Executive Director or Chief Investment Officer, but the Executive Committee may suspend such officer for good cause, and may make a recommendation that the Board terminate him or her, which suspension and/or recommendation the Board shall consider at its next regularly scheduled meeting, or at a special meeting called in accordance with these Bylaws, or
- Take action on any matter regarding legislative matters without specific Board approval.

**Investments.** Except as specifically limited in the Powers subsection above, the Executive Committee shall be authorized and directed to invest and reinvest the funds of the System in accordance with the provisions of the Illinois Pension Code and specific resolutions from the Board. The authority to invest and reinvest shall include the authority to issue instructions to the corporate trustee or investment agent to sell, purchase, exchange, or deposit under reorganization proceedings, any investment. The Committee shall, with the approval of the Board, obtain investment counsel when necessary. The approval of three members of the committee shall be necessary for any committee action regarding investments, approval of benefit claims, or other matters falling within the jurisdiction of this Committee.

**Reporting.** The Executive Committee shall promptly, but in no event later than five (5) business days, submit to the Board a written report of all actions taken since the previous meeting of the Board. Such record shall thereupon be incorporated into the Minutes of the Board as an integral part thereof.

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## **Section 16 Appointment of Standing Committees**

**Appointment.** At the annual meeting, the Executive Committee, taking into consideration the expressed desires of individual board members, shall nominate, and the Board shall approve, a Chair for, and the members of, each of the following committees: an Administration Committee, an Audit and Risk Committee, a Board Governance Committee, an Investment Committee, a Legal and Legislative Committee, and a Diversity Committee. Committee members and Chairs shall assume their positions beginning on the following day.

**Restrictions.** The Board Chairperson may not be Chair of any committee other than the Executive Committee. No Board member may Chair more than one committee. Each committee shall consist of not less than three nor more than five members of the Board, except that the Investment Committee shall be constituted as a Committee of the Whole. The Executive Committee's nominations for each committee shall be subject to approval or amendment by the Board.

**Investment Committee – Committee of the Whole.** All Trustees shall be members of the Investment Committee. The Investment Committee may consider matters and give final approval to actions related to the Investment of SURS assets, and any final approval given during an Investment Committee meeting shall constitute approval by the Board.

**Term.** Committee Chairs and committee members will serve a one-year term or until successors are elected and qualified. Any member of a committee may resign at any time by giving written notice to the Chairperson, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. A vacancy or resignation on any Committee may be filled in accordance with the annual Standing Committee nomination and election procedures in these Bylaws at any regular meeting or a special meeting of the Executive Committee called for that purpose, and shall be subject to Board approval or amendment.

**Procedures.** Members of committees shall be reimbursed for travel and other expenses incurred in connection with his or her duties as a member of a Committee in accordance with all applicable travel regulations and guidelines of the Board or imposed by law. Each committee may fix its own rules of procedure which shall not be inconsistent with these Bylaws, but in the absence of such rules, the Board's Rules of Order adopted pursuant to these Bylaws shall govern committee procedures. It shall keep regular minutes of its proceedings and shall report to the Board at the meeting of the Board following the committee's meeting of all actions taken by or recommended by the committee. The committee Chair may appoint a subcommittee from the members of the committee, which is responsible to and reports to the committee. The designation of the various Board committees and the delegation thereto of authority shall not operate to relieve the Board, or any member thereof, of any responsibility imposed by law.

### **Section 16.1 Meetings of the Standing Committees**

The Administration, Audit and Risk, Board Governance, Legal and Legislative, and Diversity committees shall generally meet at least quarterly, per the regular schedule approved by the Board, or at such other times as the Committee Chair may determine after consultation as he or she deems appropriate with the Board Chair, the members of the committee, and Executive Director or his or her designees. The Secretary shall transmit a report of a committee's actions to the full Board as

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soon as practicable after each committee meeting. Special meetings of each committee may be called by the Committee Chair or any two members thereof upon not less than five business days' notice to all Trustees, unless exigent circumstances require shorter notice, which in any case shall comply with the Open Meetings Act, stating the place, date, and hour of the meeting, which notice may be written, emailed, or oral, and, if mailed, shall be deemed to be delivered four business days subsequent to the day when deposited in the United States mail addressed to the member of the committee at his or her address. Any member of a committee may waive notice of any meeting and no notice of any meeting need be given to any member thereof who attends in person. All meetings of each committee shall be noticed and conducted in conformance with the Illinois Open Meetings Act.

## **Section 16.2 Duties of Standing Committees**

Each standing committee of the Board will have its own charter. Each committee shall act in accordance with its applicable charter. The charters will set forth the purposes, goals and responsibilities of the committee, as well as any qualifications for committee membership, procedures for committee member removal, committee structure and operations, and manner of reporting to Board, provided such charters shall not contain any provision inconsistent with these Bylaws. The Board may review and amend the charter of any committee at any time.

## **Section 17 Duties of Claims Panel**

A Claims Panel shall hear all administrative contested matters as fiduciaries pursuant to procedure adopted by administrative rule. The Claims Panel, which shall not include a member of the Executive Committee, shall consist of the Executive Director of SURS, a Board appointed Board member, and an attorney licensed to practice law in the State of Illinois approved by the Board. Each member of the Panel shall be reimbursed for travel or other related expenses incurred in connection with his or her duties as a member of the Panel, and, if he or she is not a member of the Board or currently employed by one of the employers covered by SURS, shall receive reasonable compensation, as recommended by the Executive Director and approved by the Board, for time spent in reviewing claims and attending Panel hearings. The members of this Panel shall meet periodically as determined by the Executive Director. The Executive Director shall serve as the Head of the Panel, and the Panel shall select one of its members as the Hearing Officer. The Executive Director shall provide the Board a summary of rulings of the Claims Panel.

A decision of two members of the Panel shall constitute a final decision of the Board for all purposes and is not subject to administrative or judicial review under the Illinois Administrative Review Law unless the claimant or SURS files a statement of exceptions pursuant to administrative rule. If two members of the Panel are unable to agree on a decision or if a statement of exceptions is filed, the claim shall be presented to the Executive Committee for a final decision. Notwithstanding the foregoing, the Hearing Officer retains full power to conduct hearings alone and the presence of any other member of the Panel is not required at hearings.

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## **Section 18      Amendments to the Bylaws**

These Bylaws may be amended or repealed at any regular meeting or special meeting of the Board by a majority vote of record of all the members of the Board, provided that copies of the amendments and notice of repeal shall be submitted in writing or by email to each member of the Board with the notice of such meeting.

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Adopted: September 25, 1941.

Amended: December 4, 1941, October 6, 1951, April 7, 1955, July 1, 1963, July 20, 1964, July 27, 1967, February 1, 1971, April 18, 1973, November 3, 1973, November 8, 1975, February 10, 1983, March 8, 1990, September 22, 1995, December 10, 1999, September 22, 2000, March 23, 2001, June 22, 2001, March 29, 2002, September 27, 2002, December 10, 2004, December 7, 2006, September 11, 2008, June 12, 2009, September 11, 2009, December 2, 2009, December 10, 2010, June 13, 2014. March 13, 2015, June 12, 2015, March 08, 2019, November 17, 2020, January 29, 2021

## THE BOARD OF TRUSTEES OF THE STATE UNIVERSITIES RETIREMENT SYSTEM EXECUTIVE COMMITTEE CHARTER

### I. PURPOSE

The Executive Committee ("Committee") shall exercise the powers of the Board of Trustees (the "Board") of the State Universities Retirement System ("SURS") in relation to matters that arise between regularly scheduled meetings of the Board when it is not practical or feasible for the Board to meet. The Committee is delegated the authority to act as the full Board when exercising the powers and authorities under this charter, subject to the limitations listed below in Section V.

It is the general intention that all substantive matters in the ordinary course of business be brought before the full Board for action, but the Board recognizes the need for flexibility to act on substantive matters where action may be necessary between Board meetings which, in the opinion of the Executive Committee, should not be postponed until the next previously scheduled meeting and where, in the opinion of the Executive Committee, a special meeting is unwarranted.

### II. MEMBERSHIP

The Committee shall consist of the Chairperson, the Vice-Chairperson, the Treasurer and two other ("at-large") members of the Board.

### III. MEETINGS AND QUORUM

The Committee shall meet upon the call of the Chairperson, or of any three members thereof.

Meetings of the Committee are subject to the Open Meetings Act, 5 ILCS 120/1 *et seq.*, and, consistent with the requirements of the Open Meetings Act, may be held by means of conference telephone or other communications equipment, by means of which all persons participating in the meeting can hear and speak to each other. The act of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee.

### IV. AUTHORITY

In discharging its role, the Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of SURS. The Committee has the power to retain outside advisors, subject to SURS' procurement rules, to assist it in carrying out its activities. SURS shall provide adequate resources to support the Committee's activities, including compensation of the Committee's advisors. The Committee shall have the authority,

subject to Board approval, to retain, compensate, direct, oversee and terminate such other advisors hired to assist the Committee, who shall be accountable to the Committee.

## **V. Key Responsibilities**

The Committee shall undertake the following responsibilities, which are set forth as a guide. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee's purposes or assigned by the Board from time to time. To fulfill its purposes, the Committee shall:

1. Possess all the powers of the Board when in session, except as provided in this section. The Executive Committee shall not have the power to:
  - a. Overrule, revise, or modify any previous acts of the Board,
  - b. Invade the jurisdiction of any permanent or special committee of the Board,
  - c. Lease, sell, or purchase real estate, unless previously specifically authorized by the Board in session or by a majority of the members individually in writing,
  - d. Make changes, revise, modify, or overrule the Bylaws or any Committee Charter,
  - e. Review or revise SURS employee compensation or performance matters,
  - f. Take action on any matter regarding legislative matters without specific Board approval.
2. Invest and reinvest the funds of SURS in accordance with the provisions of the Illinois Pension Code and specific resolutions from the Board. The authority to invest and reinvest shall include the authority to issues instructions to the corporate trustee or investment agent to sell, purchase, exchange or deposit under the reorganization proceedings, any investment. The approval of three members of the Committee shall be necessary for any Committee action regarding investments, approval of benefit claims or other matters falling within the jurisdiction of the Committee;
3. Subject to the approval of the Board, obtain investment counsel when necessary and in accordance with SURS' procurement rules;
4. Call Special Meetings of the Board when necessary;
5. Promptly, but in no event later than five (5) business days, submit to the Board a written report of all actions taken since the previous meeting of the

Board. Such record shall thereupon be incorporated into the Minutes of the Board as an integral part thereof; and

6. Conduct annually a self-assessment regarding its performance against its stated responsibilities and share the results of such assessment with the Board.

## **VI. Limitations**

If this Charter conflicts with, or is inconsistent in any way with, the Bylaws, the Bylaws shall control.

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Updated March 2019 to reflect changes approved to the Board Bylaws on March 08, 2019.



## **THE BOARD OF TRUSTEES OF THE STATE UNIVERSITIES RETIREMENT SYSTEM LEGAL AND LEGISLATIVE COMMITTEE CHARTER**

### **I. PURPOSE**

In general, the Legal and Legislative Committee ("Committee") shall assist the Board of Trustees (the "Board") of the State Universities Retirement System ("SURS") in the review of litigation matters and other legal matters involving SURS. The Committee shall further assist the Board in determining its legislative agenda and positions on legislation.

### **II. MEMBERSHIP**

The Committee shall consist of at least three members of the Board.

### **III. MEETINGS AND QUORUM**

The Committee shall meet on a regularly scheduled basis, at least quarterly, and may convene more or less often as circumstances dictate. The Committee shall keep regular minutes of its proceedings and shall report to the Board at the meeting of the Board following the Committee's meeting of all actions taken or recommended by the Committee.

Meetings of the Committee are subject to the Open Meetings Act, 5 ILCS 120/1 *et seq.*, and, consistent with the requirements of the Open Meetings Act, may be held by means of conference telephone or other communications equipment, by means of which all persons participating in the meeting can hear and speak to each other. A majority of the members of the Committee shall constitute a quorum. The act of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee.

### **IV. AUTHORITY**

In discharging its role, the Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of SURS. The Committee has the power to retain outside advisors, subject to SURS' procurement rules, to assist it in carrying out its activities. SURS shall provide adequate resources to support the Committee's activities, including compensation of the Committee's advisors. The Committee shall have authority, subject to Board approval, to retain, compensate, direct, oversee and terminate such other advisors hired to assist the Committee, who shall be accountable to the Committee.

### **V. KEY RESPONSIBILITIES**

The Committee shall undertake the following responsibilities, which are set forth as a guide. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee's purposes or assigned by the Board from time to time. To fulfill its purposes, the Committee shall:

1. Monitor and review major litigation matters and make recommendations to the Board in relation to same;
2. Provide oversight and review of legal services provided in connection with SURS matters to protect the interests of SURS;
3. Review and modify, as needed, the legislative program and agenda of SURS while considering the Board's fiduciary duties, the views of SURS membership and membership organizations and the relevant actuarial and financial impacts;
4. Provide the policy and framework for compliance with all applicable laws, rules and SURS policies and provide the mechanisms for periodic assessment of compliance;
5. Develop legislative priorities, legislative policies and positions in regard to legislation impacting SURS and make recommendations to the Board in relation to same;
6. Review and evaluate possible legislative events, sponsorships or possible SURS participation in legislative events and make recommendations to the Board in relation to same;
7. Obtain regular reports from staff regarding legislative matters;
8. Review of administrative rules for approval by the Board prior to submission to the Joint Committee on Administrative Rules ("JCAR");
9. Review of all fraud investigations and make recommendations to the Board in relation to same including review of referrals to the Inspector General;
10. Review all plan qualifications documents prior to submission to the Internal Revenue Service and make recommendations to the Board in relation to same;
11. Conduct annually a review of the performance of any fiduciary or legal counsel of the Board; and

12. Conduct annually a self-assessment regarding its performance against its stated responsibilities and share the results of such assessment with the Board.

## **VI. Limitations**

If this Charter conflicts with, or is inconsistent in any way with, the Bylaws, the Bylaws shall control.

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Updated March 2019 to reflect changes approved to the Board Bylaws on March 01, 2019.

## **THE BOARD OF TRUSTEES OF THE STATE UNIVERSITIES RETIREMENT SYSTEM AUDIT AND RISK COMMITTEE CHARTER**

### **I. PURPOSE**

In general, the Audit and Risk Committee ("Committee") shall assist the Board of Trustees (the "Board") of the State Universities Retirement System ("SURS") in providing oversight with respect to the financial reporting process, the system of risk management, the system of internal controls, internal and external audit functions and compliance with applicable laws, rules, regulations and policies, and to initiate special investigations as needed.

### **II. MEMBERSHIP**

The Committee shall consist of at least three members of the Board. Committee members shall be independent and possess financial literacy skills sufficient to understand the financial statements of SURS. Each trustee is to be free from any relationship that, in the opinion of the board, would interfere with the exercise of his or her independent judgment as a member of the audit committee and should recognize the significance of the Audit Committee's responsibilities.

### **III. MEETINGS AND QUORUM**

The Committee shall meet on a regularly scheduled basis, at least quarterly, and may convene more or less often as circumstances dictate. The Committee shall keep regular minutes of its proceedings and shall report to the Board at the meeting of the Board following the Committee's meeting of all actions taken or recommended by the Committee.

Meetings of the Committee are subject to the Open Meetings Act, 5 ILCS 120/1 *et seq.*, and, consistent with the requirements of the Open Meetings Act, may be held by means of conference telephone or other communications equipment, by means of which all persons participating in the meeting can hear and speak to each other. A majority of the members of the Committee shall constitute a quorum. The act of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee. The SURS Director of Internal Audit should attend each meeting of the Committee, however may be excused from meetings when the Committee discusses his/her performance or personnel related issues.

The Committee may invite members of management, external auditors or other third parties to attend meetings and provide pertinent information the Committee deems appropriate to carry out its responsibilities.

### **IV. AUTHORITY**

In discharging its role, the Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of SURS. The Committee has the power to retain outside advisors, subject to SURS' procurement rules, to assist it in carrying out its activities. SURS shall provide adequate resources to support the Committee's activities, including compensation of the Committee's advisors. The Committee shall have the authority, subject to Board approval, to retain, compensate, direct, oversee and terminate such other advisors hired to assist the Committee, who shall be accountable to the Committee.

## **V. KEY RESPONSIBILITIES**

The Committee shall undertake the following responsibilities, which are set forth as a guide. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee's purposes or assigned by the Board from time to time. To fulfill its purposes, the Committee shall:

1. Review and oversee of the work of the internal audit, including review of all internal audit reports and management's follow-up activities, approval and completion of the annual audit plan, review and approval of Internal Audit department's charter, ensure compliance with professional standards and ensure that the internal audit unit's independence and objectivity are maintained;
2. Review internal audit findings and recommendations, management's responses and actions taken to implement the audit recommendations;
3. Review audit work completed by the external auditors, including audit scope and approach, annual audit reports, accounting, compliance and financial reporting issues, difficulties encountered during the audit and all matters required to be communicated to the Committee under generally accepted auditing standards;
4. Review all findings and recommendations of the external auditors, management's responses and actions taken to implement the audit recommendations;
5. Obtain an understanding of SURS' internal control systems. Provide and develop the framework for an effective system of internal controls, including information system technology and develop mechanisms for periodic assessment of same;
6. Obtain an understanding of SURS' major risk exposures (whether financial, operating or otherwise) and the related risk assessment

processes implemented by management. Review the effectiveness of SURS' systems for assessing, monitoring and controlling significant risks or exposures;

7. Review the effectiveness of SURS' system for monitoring compliance with laws, regulations, rules, policies and procedures and the results of management's investigation and follow-up of any instances of noncompliance;
8. Ensure the creation and maintenance of an appropriate whistleblower mechanism for reporting any fraud, non-compliance and/or inappropriate activities;
9. Review the hiring and/or termination of the Chief Audit Executive and/or Director of Internal Audit and make recommendations to the Board regarding same and
10. Conduct annually a self-assessment regarding committee performance against stated responsibilities and share the results of such assessment with the Board.

## **VI. Limitations**

If this Charter conflicts with, or is inconsistent in any way with, the Bylaws, the Bylaws shall control.

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Updated March 2019 to reflect changes approved to the Board Bylaws on March 08, 2019.

## THE BOARD OF TRUSTEES OF THE STATE UNIVERSITIES RETIREMENT SYSTEM BOARD GOVERNANCE COMMITTEE CHARTER

### I. PURPOSE

In general, the Board Governance Committee ("Committee") shall assist the Board of Trustees (the "Board") of the State Universities Retirement System ("SURS") in: (1) developing and implementation of policies and procedures to enhance the Board's effectiveness and continued development; (2) assisting the Board in the periodic review of the Board's performance; (3) development of Board committee roles and function; (4) development of Board policies; (5) the review of Board compliance; and (6) reviewing on a regular basis the overall governance of the Board and recommending improvements when necessary to the Board.

### II. MEMBERSHIP

The Committee shall consist of at least three members of the Board.

### III. MEETINGS AND QUORUM

The Committee shall meet on a regularly scheduled basis, at least quarterly, and may convene more or less often as circumstances dictate. The Committee shall keep regular minutes of its proceedings and shall report to the Board at the meeting of the Board following the Committee's meeting of all actions taken or recommended by the Committee.

Meetings of the Committee are subject to the Open Meetings Act, 5 ILCS 120/1 *et seq.*, and, consistent with the requirements of Open Meetings Act, may be held by means of conference telephone or other communications equipment, by means of which all persons participating in the meeting can hear and speak to each other. A majority of the members of the Committee shall constitute a quorum. The act of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee.

### IV. AUTHORITY

In discharging its role, the Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of SURS. The Committee has the power to retain outside advisors, subject to SURS' procurement rules, to assist it in carrying out its activities. SURS shall provide adequate resources to support the Committee's activities, including compensation of the Committee's advisors. The Committee shall have the authority, subject to Board approval, to retain, compensate, direct, oversee and terminate such other advisors hired to assist the Committee, who shall be accountable to the Committee.

## V. KEY RESPONSIBILITIES

The Committee shall undertake the following responsibilities, which are set forth as a guide. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee's purposes or assigned by the Board from time to time. To fulfill its purposes, the Committee shall:

1. Identify and define Board committee roles and by-laws and committee charters including creating, disbanding and realigning both standing and ad hoc committees for approval by the Board;
2. Conduct annual reviews of Board bylaws, committee charters and Board policies and recommend changes to same for Board approval. All such committee charters, Board policies and by-laws will be maintained in a Board Governance Manual;
3. Develop administrative rules for Board approval pertaining to election of Trustees to the Board in accordance with the provisions of 40 ILCS 5/15-159;
4. Make recommendations to the Board pertaining to instances where delegation of the Board's authority to the Executive Committee of the Board or other third parties is necessary or in the best interests of the Board and/or SURS;
5. Conduct and oversee periodic Board self-assessment of effectiveness, policies governing Board conduct and utilization of Board resources, time and processes;
6. Develop Trustee continuing education program for Board approval;
7. Review Board compliance with various fiduciary, ethics, Open Meetings Act (5 ILCS 120/1 *et seq.*) training requirements and Board policies as well as disclosures required by the State Officials and Employees Ethics Act (5 ILCS 430 1/1 *et seq.*);
8. Recommend for Board approval any and all actions necessary to ensure decision making transparency, compliance with the Open Meetings Act, the Illinois Freedom of Information Act (5 ILCS 140/1 *et seq.*) and the disclosure of any and all ethical or fiduciary conflicts in matters to be considered by the Board;



9. Oversee and make recommendations to optimize cooperative and effective coordination between the Board and SURS Staff, including clearly defining the roles of the Board (including its Committees and Officers) and the Staff, and of specific positions within each as appropriate, ensuring proper policymaking and oversight of Staff by the Board, while empowering and supporting the Staff to effectively implement Board policy and directives and otherwise effectively discharge the System's duties to its members and other stakeholders;
10. Conduct annually a self-assessment regarding its performance against its stated responsibilities and share the results of such assessment with the Board.

## **VI. Limitations**

If this Charter conflicts with, or is inconsistent in any way with, the Bylaws, the Bylaws shall control.

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Updated after 11/17/2020 Board Retreat.

## THE BOARD OF TRUSTEES OF THE STATE UNIVERSITIES RETIREMENT SYSTEM INVESTMENT COMMITTEE CHARTER

### I. PURPOSE

In general, the Investment Committee ("Committee") shall assist the Board of Trustees (the "Board") of the State Universities Retirement System ("SURS") in the development of investment strategies and the review of prospective investments with the goal of supporting the Board in the prudent investment and expenditure of SURS assets. The Committee provides investment oversight in support of the Board through the review of investment policies and practices and the performance of investment vehicles.

### II. MEMBERSHIP

The Committee shall consist of all of the members of the Board.

### III. MEETINGS AND QUORUM

The Committee shall meet on a regularly scheduled basis, at least quarterly, and may convene more or less often as circumstances dictate. The Committee shall keep regular minutes of its proceedings and shall report to the Board at the meeting of the Board following the Committee's meeting of all actions taken or recommended by the Committee.

Meetings of the Committee are subject to the Open Meetings Act, 5 ILCS 120/1 *et seq.*, and, consistent with the requirements of the Open Meetings Act, may be held by means of conference telephone or other communications equipment, by means of which all persons participating in the meeting can hear and speak to each other. A majority of the members of the Committee shall constitute a quorum. The act of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee.

### IV. AUTHORITY

In discharging its role, the Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of SURS. The Committee has the power to retain outside advisors, subject to SURS' procurement rules, to assist it in carrying out its activities. SURS shall provide adequate resources to support the Committee's activities, including compensation of the Committee's advisors. The Committee shall have the authority, subject to Board approval, to retain, compensate, direct, oversee and terminate such other advisors hired to assist the Committee, who shall be accountable to the Committee.

## V. KEY RESPONSIBILITIES

The Committee shall undertake the following responsibilities, which are set forth as a guide. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee's purposes or assigned by the Board from time to time. To fulfill its purposes, the Committee shall:

1. Review and approve strategic asset allocation (including expected rate of return and risk) to maximize the likelihood of realizing SURS' investment objectives;
2. Review and approve investment strategy and plans, portfolio construction policy guidelines, target rates of return and benchmarks;
3. Review and approve the selection and performance review of System consultants, investment counsel, investment managers and partners who provide investment-related expertise and services to the System;
4. Provide oversight of the Retirement Savings Plan and Deferred Compensation Plan, in coordination with the Administration Committee;
5. Provide oversight of the cost-effectiveness of the SURS investment program;
6. Review compliance with applicable investment statutes and policies;
7. Review and update policies related to the Investment Program, including the Investment Policy, Rebalancing Policy, Investment Manager Selection & Termination Policy, Brokerage Policy and Corporate Governance Policy;
8. Review, and consider and approve changes to, the Master Trustee/Custodian relationship;
9. Review, and consider and approve changes to, the Securities Lending Program;
10. Review, and consider and approve changes to, investment manager and investment consulting relationships;
11. Review, and consider and approve changes to, Emerging Investment Manager and Broker/Dealer programs and relationships;
12. Develop and approve investment risk and risk tolerances for all SURS assets and asset classes; provide oversight of investment risk processes, including risk management, and investment policy compliance processes;
13. Monitor fund volatility and liquidity and ensure that the fund has sufficient liquid assets to respond to market conditions and meet investment and benefit obligations;
14. Develop investment manager diversity policies and objectives;

15. Provide oversight of interaction of cash management and liquidity management process; and
16. Conduct annually a self-assessment regarding its performance against its stated responsibilities.

## **VI. Limitations**

If this Charter conflicts with, or is inconsistent in any way with, the Bylaws, the Bylaws shall control.

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Updated 11.17.2020 Retreat.

## THE BOARD OF TRUSTEES OF THE STATE UNIVERSITIES RETIREMENT SYSTEM ADMINISTRATION COMMITTEE CHARTER

### I. PURPOSE

In general, the Administration Committee ("Committee") shall assist the Board of Trustees (the "Board") of the State Universities Retirement System ("SURS") in a number of organization-wide activities, including without limitation, (1) the development of organizational mission and goals, (2) review and oversight of organizational performance, (3) the development of an overall communication strategy and strategic plan, (4) overseeing personnel matters including management compensation policies and practices, (5) providing oversight for operations, member and employer services delivery and insurance services and (6) overseeing the financial management of SURS including oversight of SURS' strategic and transactional planning activities, budget process, accounting policies and financial reporting processes.

### II. MEMBERSHIP

The Committee shall consist of at least three members of the Board.

### III. MEETINGS AND QUORUM

The Committee shall meet on a regularly scheduled basis, at least quarterly, and may convene more or less often as circumstances dictate. The Committee shall keep regular minutes of its proceedings and shall report to the Board at the meeting of the Board following the Committee's meeting of all actions taken or recommended by the Committee.

Meetings of the Committee are subject to the Open Meetings Act, 5 ILCS 120/1 *et seq.*, and, consistent with the requirements of the Open Meetings Act, may be held by means of conference telephone or other communications equipment, by means of which all persons participating in the meeting can hear and speak to each other. A majority of the members of the Committee shall constitute a quorum.

### IV. AUTHORITY

In discharging its role, the Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of SURS. The Committee has the power to retain outside advisors, subject to SURS' procurement rules, to assist it in carrying out its activities. SURS shall provide adequate resources to support the Committee's activities, including compensation of the Committee's advisors. The Committee shall have authority, subject to Board approval, to retain, compensate, direct, oversee and terminate such other advisors hired to assist the Committee, who shall be accountable to the Committee.

## V. KEY RESPONSIBILITIES

The Committee shall undertake the following responsibilities, which are set forth as a guide. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee's purposes or assigned by the Board from time to time. To fulfill its purposes, the Committee shall:

### Organizational Mission and Performance

1. Define organizational mission, vision, goals and objectives and make recommendations to the Board in relation to same;
2. Oversee the selection and evaluation of Board and committee consultants, such as actuarial consultants, benchmarking consultants, human resources consultants, insurance consultants, etc. and make recommendations to the Board in relation to same;
3. Review information for presentation to the Board, including any and all reports and benchmarks which trigger Board review;
4. Develop and establish organization wide performance metrics and make recommendations to the Board in relation to same;
5. Oversee and monitor organizational performance in relation to established performance metrics and make recommendations to Board in relation to same;
6. Develop overall communications strategy for approval by the Board;
7. Oversee various SURS stakeholder relationships; and
8. Conduct annually a self-assessment regarding its performance against its stated responsibilities and share the results of such assessment with the Board.

### Personnel

1. Review and approve the compensation of the Executive Director and the Chief Investment Officer ("Key Executives");
2. Review and approve SURS' goals and objectives relevant to the compensation of Key Executives, including annual performance goals and objectives and make recommendations for Board approval regarding same;

3. Evaluate at least annually the performance of the Key Executives against SURS' goals and objectives, including the annual performance goals/objectives and, based on this evaluation, determine and recommend for Board approval the compensation level for the Key Executives, reviewing as appropriate, any agreement or understanding relating to their employment, incentive compensation, or other benefits based on this evaluation;
4. Solicit input from the Executive Director/CEO, if necessary, regarding performance of the Key Executives working on his/her executive team;
5. Review and authorize any employment, compensation, benefit or severance agreement with Key Executives;
6. Prepare recommendations to the Board regarding the hiring and/or termination of Key Executives;
7. Oversee and develop long-term succession planning in relation to Key Executives; and
8. Oversee the establishment of salary ranges for all positions in accordance with established SURS compensation policies and procedures.

### Benefits

1. Provide oversight for operations including, without limitation, member and employer service, information technology and business infrastructure and review overall cost effectiveness of all such functions;
2. Provide oversight for member service delivery, quality and effectiveness of related processes and procedures;
3. Provide oversight of employer (community colleges and universities) service delivery, quality and effectiveness of related processes and procedures;
4. Provide oversight of insurance services and service delivery processes and procedures; Provide oversight of the SMP plan administration and service delivery and make recommendations to the Board in relation to same;

5. Develop administrative rules pertaining to retirement benefit administration for approval of the Board; and
6. Review SURS business continuity and disaster recovery policies.

### Finance

1. Review actuarial assumptions, actuarial variations and employer rate setting for Board approval;
2. Develop and oversee organizational strategy and strategic planning including development of long-term strategic plan for Board approval;
3. Oversee certification of the annual state contribution;
4. Review and oversight of the business planning process including review of annual business plan for Board approval;
5. Provide oversight of budget process including resource allocations and the review of enterprise-wide budgets for Board approval;
6. Approve financial reports and oversee financial reporting controls and processes;
7. Review draft annual financial statements and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles;
8. Provide oversight of financial condition of SURS system, inclusive of Defined Benefit and Self-Managed Plan, including the annual review of unfunded liability, overall pension soundness and sustainability and any and all other programs offered;
9. Provide oversight of cash management functions to ensure sufficient cash is available to pay benefits and operating expenses

## **VI. Limitations**

If this Charter conflicts with, or is inconsistent in any way with, the Bylaws, the Bylaws shall control.



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Updated March 2019 to reflect changes approved to the Board Bylaws on March 08, 2019.

## **Rosenberg's Rules of Order**

### **Modified for SURS Board and Committee Meetings**

#### **Introduction**

The rules of procedure at meetings should be simple enough for most people to understand.

These rules have been simplified, slimmed down for the 21st Century, yet retaining the basic tenets of order to which we have grown accustomed. This is built on a foundation supported by the following four pillars:

- 1. Rules should establish order.** The first purpose of rules of parliamentary procedure is to establish a framework for the orderly conduct of meetings.
- 2. Rules should be clear.** Simple rules lead to wider understanding and participation. Complex rules create two classes: those who understand and participate; and those who do not fully understand and do not fully participate.
- 3. Rules should be user friendly.** That is, the rules must be simple enough that the public is invited into the body and feels that it has participated in the process.
- 4. Rules should enforce the will of the majority while protecting the rights of the minority.** The ultimate purpose of rules of procedure is to encourage discussion and to facilitate decision making by the body. In a democracy, majority rules. The rules must enable the majority to express itself and fashion a result, while permitting the minority to also express itself, but not dominate, while fully participating in the process.

#### **Establishing a Quorum**

The starting point for a meeting is the establishment of a quorum. SURS' requirements for a quorum are set forth in Section 2 of the SURS Bylaws.

#### **The Role of the Chair**

While all members of the body should know and understand the rules of parliamentary procedure, it is the chair of the body who is charged with applying the rules of conduct of the meeting. The chair should be well versed in those rules. For all intents and purposes, the chair makes the final ruling on the rules every time the chair states an action. In fact, all decisions by the chair are final unless overruled by the body itself. However, all decisions of the chair are potentially subject to overruling by the body, pursuant to a properly seconded motion to have the body make a different ruling.

Since the chair runs the conduct of the meeting, it is usual courtesy for the chair to play a less active role in the debate and discussion than other members of the body. This does not mean that the chair should not participate in the debate or discussion. To the contrary, as a member of the body, the chair has the full right to participate in the debate, discussion and decision-making of the

body. What the chair should do, however, is strive to be the last to speak at the discussion and debate stage. The chair should not make or second a motion unless the chair is convinced that no other member of the body will do so at that point in time.

### **The Basic Format for an Agenda Item Discussion**

SURS Board meetings shall have a written, published agenda in compliance with the Open Meetings Act. The meeting shall be governed by the agenda and the agenda constitutes the body's agreed-upon roadmap for the meeting. Each agenda item can be handled by the chair in the following basic format:

**First**, the chair should clearly announce the agenda item number and should clearly state what the agenda item subject is.

**Second**, the chair should invite the appropriate person or persons to report on the item, including any recommendation that they might have.

**Third**, the chair should ask members of the body if they have any technical questions of clarification. At this point, members of the body may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond. Members of the body may also engage in discussion at this point.

**Fourth**, the chair should invite a motion. The chair should announce the name of the member of the body who makes the motion.

**Fifth**, the chair should determine if any member of the body wishes to second the motion. The chair should announce the name of the member of the body who seconds the motion. A second is required before the Board may consider and act upon a motion.

**Sixth**, if the motion is made and seconded, the chair should make sure everyone understands the motion. If clarification is needed, this is done in one of three ways: 1. The chair can ask the maker of the motion to repeat it; 2. The chair can repeat the motion; or 3. The chair can ask the secretary or the clerk of the body to repeat the motion.

**Seventh**, the chair takes a vote, in compliance with the Bylaws and applicable law.

**Eighth**, the chair should announce the result of the vote.

### **Motions in General**

Motions are the vehicles for decision making by a body. Motions are made in a simple two-step process. First, the chair should recognize the member of the body. Second, the member of the body makes a motion by preceding the member's desired approach with the words "I move ... " A typical motion might be: "I move that we give a 10-day notice in the future for all our meetings." The chair usually initiates the motion in one of three ways:

**1. Inviting the members of the body to make a motion**, for example, "A motion at this time would be in order."

**2. Suggesting a motion to the members of the body,** “A motion would be in order that we give a 10-day notice in the future for all our meetings.”

**3. Making the motion.** As noted, the chair has every right as a member of the body to make a motion, but should normally do so only if the chair wishes to make a motion on an item but is convinced that no other member of the body is willing to step forward to do so at a particular time.

**The Three Basic Motions** There are three motions that are the most common and recur often at meetings:

**The basic motion.** The basic motion is the one that puts forward a decision for the body’s consideration. A basic motion might be: “I move that we create a five-member committee to plan and put on our annual fundraiser.”

**The motion to amend.** If a member wants to change a basic motion that is before the body, they would move to amend it. A motion to amend might be: “I move that we amend the motion to have a 10-member committee.” A motion to amend takes the basic motion that is before the body and seeks to change it in some way.

**The substitute motion.** If a member wants to completely do away with the basic motion that is before the body, and put a new motion before the body, they would move a substitute motion. A substitute motion might be: “I move a substitute motion that we cancel the annual fundraiser this year.”

“Motions to amend” and “substitute motions” are often confused, but they are quite different, and their effect (if passed) is quite different. A motion to amend seeks to retain the basic motion on the floor, but modify it in some way. A substitute motion seeks to throw out the basic motion on the floor, and substitute a new and different motion for it. The decision as to whether a motion is really a “motion to amend” or a “substitute motion” is left to the chair. So if a member makes what that member calls a “motion to amend,” but the chair determines that it is really a “substitute motion,” then the chair’s designation governs.

A “friendly amendment” is a practical parliamentary tool that is simple, informal, saves time and avoids bogging a meeting down with numerous formal motions. It works in the following way: In the discussion on a pending motion, it may appear that a change to the motion is desirable or may win support for the motion from some members. When that happens, a member who has the floor may simply say, “I want to suggest a friendly amendment to the motion.” The member suggests the friendly amendment, and if the maker and the person who seconded the motion pending on the floor accepts the friendly amendment, that now becomes the pending motion on the floor. If either the maker or the person who seconded rejects the proposed friendly amendment, then the proposer can formally move to amend.

### **Multiple Motions Before the Body**

There can be up to three motions on the floor at the same time. The chair can reject a fourth motion until the chair has dealt with the three that are on the floor and has resolved them. This rule has

practical value. More than three motions on the floor at any given time is confusing and unwieldy for almost everyone, including the chair.

When there are two or three motions on the floor (after motions and seconds) at the same time, the vote should proceed first on the last motion that is made. For example, assume the first motion is a basic “motion to have a five-member committee to plan and put on our annual fundraiser.” During the discussion of this motion, a member might make a second motion to “amend the main motion to have a 10-member committee, not a five-member committee to plan and put on our annual fundraiser.” And perhaps, during that discussion, a member makes yet a third motion as a “substitute motion that we not have an annual fundraiser this year.” The proper procedure would be as follows:

**First**, the chair would deal with the third (the last) motion on the floor, the substitute motion. After discussion and debate, a vote would be taken first on the third motion. If the substitute motion passed, it would be a substitute for the basic motion and would eliminate it. The first motion would be moot, as would the second motion (which sought to amend the first motion), and the action on the agenda item would be completed on the passage by the body of the third motion (the substitute motion). No vote would be taken on the first or second motions.

**Second**, if the substitute motion failed, the chair would then deal with the second (now the last) motion on the floor, the motion to amend. The discussion and debate would focus strictly on the amendment (should the committee be five or 10 members). If the motion to amend passed, the chair would then move to consider the main motion (the first motion) as amended. If the motion to amend failed, the chair would then move to consider the main motion (the first motion) in its original format, not amended.

**Third**, the chair would now deal with the first motion that was placed on the floor. The original motion would either be in its original format (five-member committee), or if amended, would be in its amended format (10-member committee). The question on the floor for discussion and decision would be whether a committee should plan and put on the annual fundraiser.

### **To Debate or Not to Debate**

The basic rule of motions is that they are subject to discussion and debate. Accordingly, basic motions, motions to amend, and substitute motions are all eligible, each in their turn, for full discussion before and by the body. The debate can continue as long as members of the body wish to discuss an item, subject to the decision of the chair that it is time to move on and take action.

There are exceptions to the general rule of free and open debate on motions. The exceptions all apply when there is a desire of the body to move on. The following motions are not debatable (that is, when the following motions are made and seconded, the chair must immediately call for a vote of the body without debate on the motion):

**Motion to adjourn.** This motion, if passed, requires the body to immediately adjourn to its next regularly scheduled meeting.

**Motion to recess.** This motion, if passed, requires the body to immediately take a recess. Normally, the chair determines the length of the recess.

**Motion to fix the time to adjourn.** This motion, if passed, requires the body to adjourn the meeting at the specific time set in the motion. For example, the motion might be: “I move we adjourn this meeting at midnight.”

**Motion to table.** This motion, if passed, requires discussion of the agenda item to be halted and the agenda item to be placed on “hold.” The motion can contain a specific time in which the item can come back to the body. “I move we table this item until our regular meeting in October.” Or the motion can contain no specific time for the return of the item, in which case a motion to take the item off the table and bring it back to the body will have to be taken at a future meeting.

**Motion to limit debate.** The most common form of this motion is to say, “I move the previous question” or “I move the question” or “I call the question” or sometimes someone simply shouts out “question.” As a practical matter, when a member calls out one of these phrases, the chair can expedite matters by treating it as a “request” rather than as a formal motion. The chair can simply inquire of the body, “any further discussion?” If no one wishes to have further discussion, then the chair can go right to the pending motion that is on the floor. However, if even one person wishes to discuss the pending motion further, then at that point, the chair should treat the call for the “question” as a formal motion, and proceed to it.

When a member of the body makes such a motion (“I move the previous question”), the member is really saying: “I’ve had enough debate. Let’s get on with the vote.” When such a motion is made, the chair should ask for a second, stop debate, and vote on the motion to limit debate.

A motion to limit debate could include a time limit. For example: “I move we limit debate on this agenda item to 15 minutes.”

The motion to limit debate requires a two-thirds vote of the body. A similar motion is a motion to object to consideration of an item. This motion is not debatable, and if passed, precludes the body from even considering an item on the agenda. It also requires a two-thirds vote.

### **Majority Votes and Particular Motions**

In a democracy, a simple majority vote determines a question. A tie vote means the motion fails. So in a seven-member body, a vote of 4-3 passes the motion. A vote of 3-3 with one abstention means the motion fails. If one member is absent and the vote is 3-3, the motion still fails.

**Motion to object to the consideration of a question.** Normally, such a motion is unnecessary since the objectionable item can be tabled or defeated straight up. However, when members of a body do not even want an item on the agenda to be considered, then such a motion is in order. It is not debatable.

### **Tie Votes**

What about tie votes? In the event of a tie, the motion always fails since an affirmative vote is required to pass any motion. For example, in a five-member body, if the vote is two in favor and two opposed, with one member absent, the motion is defeated.

### **The Motion to Reconsider**

There is a special and unique motion that requires a bit of explanation all by itself; the motion to reconsider. A tenet of parliamentary procedure is finality. After vigorous discussion, debate and a vote, there must be some closure to the issue. And so, after a vote is taken, the matter is deemed closed, subject only to reopening if a proper motion to reconsider is made and passed.

A motion to reconsider requires a majority vote to pass like other garden-variety motions, but there are two special rules that apply only to the motion to reconsider.

First, is the matter of timing. A motion to reconsider must be made at the meeting where the item was first voted upon. A motion to reconsider made at a later time is untimely. (The body, however, can always vote to suspend this rule and allow a motion to reconsider to be made at another time.)

Second, a motion to reconsider may be made only by certain members of the body. Accordingly, a motion to reconsider may be made only by a member who voted in the majority on the original motion. If such a member has a change of heart, he or she may make the motion to reconsider (any other member of the body — including a member who voted in the minority on the original motion — may second the motion). If a member who voted in the minority seeks to make the motion to reconsider, it must be ruled out of order. The purpose of this rule is finality. If a member of minority could make a motion to reconsider, then the item could be brought back to the body again and again, which would defeat the purpose of finality.

If the motion to reconsider passes, then the original matter is back before the body, and a new original motion is in order. The matter may be discussed and debated as if it were on the floor for the first time.

### **Courtesy and Decorum**

The rules of order are meant to create an atmosphere where the members of the body and the members of the public can attend to business efficiently, fairly and with full participation. At the same time, it is up to the chair and the members of the body to maintain common courtesy and decorum. Unless the setting is very informal, it is always best for only one person at a time to have the floor, and it is always best for every speaker to be first recognized by the chair before proceeding to speak.

The chair should always ensure that debate and discussion of an agenda item focuses on the item and the policy in question, not the personalities of the members of the body. Debate on policy is healthy, debate on personalities is not. The chair has the right to cut off discussion that is too personal, is too loud, or is too crude.

Can a member of the body interrupt the speaker? The general rule is “no.” There are, however, exceptions. A speaker may be interrupted for the following reasons:

**Privilege.** The proper interruption would be, “point of privilege.” The chair would then ask the interrupter to “state your point.” Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room may be too hot or too cold, or a blowing fan might interfere with a person’s ability to hear.

**Order.** The proper interruption would be, “point of order.” Again, the chair would ask the interrupter to “state your point.” Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the chair moved on to a vote on a motion that permits debate without allowing that discussion or debate.

**Appeal.** If the chair makes a ruling that a member of the body disagrees with, that member may appeal the ruling of the chair. If the motion is seconded, and after debate, if it passes by a simple majority vote, then the ruling of the chair is deemed reversed.

**Call for orders of the day.** This is simply another way of saying, “return to the agenda.” If a member believes that the body has drifted from the agreed-upon agenda, such a call may be made. It does not require a vote, and when the chair discovers that the agenda has not been followed, the chair simply reminds the body to return to the agenda item properly before them. If the chair fails to do so, the chair’s determination may be appealed.

**Withdraw a motion.** During debate and discussion of a motion, the maker of the motion on the floor, at any time, may interrupt a speaker to withdraw his or her motion from the floor. The motion is immediately deemed withdrawn, although the chair may ask the person who seconded the motion if he or she wishes to make the motion, and any other member may make the motion if properly recognized.

### **Special Notes About Public Input**

The rules outlined above will help make meetings very public-friendly. But in addition, and particularly for the chair, it is wise to remember three special rules that apply to each agenda item:

**Rule One:** Tell the public what the body will be doing.

**Rule Two:** Keep the public informed while the body is doing it.

**Rule Three:** When the body has acted, tell the public what the body did.





# **Board Travel Approval And Expense Reimbursement**

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## SURS Policies and Procedures

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### 1 POLICIES

Periodic travel by members of the SURS Board of Trustees (hereinafter, “SURS Board”) is necessary for the conduct of SURS business and operations. Each trustee shall be reimbursed for expenses necessarily incurred in attending board meetings and carrying out his or her duties as a trustee or officer of the system. Although the SURS Board is not subject to the rules of the Higher Education Travel Control Board (hereinafter, “HETCB”), the HETCB rules shall serve as a general guideline for this travel expense reimbursement policy. The reimbursement of expenses made under this policy may carry tax consequences for the recipient trustee. It is the trustee’s responsibility to fulfill any tax obligations with respect to any reimbursement received.

The policy of SURS Board is that the expenses of travel and lodging for Board members traveling on SURS-related business shall be paid for by SURS. The State Gift ban law disallows the acceptance of travel and lodging expenses from prohibited sources for educational or SURS business purposes.

Approval for travel on SURS-related business and reimbursement for expenses shall be granted in accordance with the following procedures.

### 2 PROCEDURES

#### 2.1 Authorization for Travel

2.1.1 SURS Board are expected to use prudence, discretion, and good judgment to assure that all expenses incurred while in travel status for SURS are authorized, appropriate, and in accordance with the SURS Board Travel Policy. Travel on SURS-related business will be authorized as follows:

2.1.2 Any travel on SURS-related business by SURS Board members specifically related to educational missions and non routine travel must be approved in advance, and in writing, by the majority of the Board prior to the travel. Expenses associated with travel that has not been pre-approved will not be reimbursed. Routine travel, such as going to and from regularly scheduled board and/or committee meetings and Claims Panel meetings shall be reimbursed.

#### 2.2 Out-of-State Trip Limitation

2.2.1 As fiduciaries, members of the SURS Board of Trustees are expected to continue their education with respect to pension fund administration and investment matters. Since pension conferences and seminars are an important source for this kind of continuing educational opportunity, out-of-state travel is often necessary. However, in order to maintain control over aggregate travel costs and to facilitate budgeting, it is expected that out-of-state travel for fiduciary education purposes will not exceed two trips per member each fiscal year, not including attendance at the semi-annual meetings of the Council of Institutional Investors (“CII”).

2.2.2 In order to help assure that the educational substance of conferences is beneficial for Board members, the Executive Director will routinely provide a listing of upcoming conferences that are relevant to SURS.

#### 2.3 Reimbursement for Expenses

##### 2.3.1 Travel Vouchers

2.3.1.1 All claims for the reimbursement of travel expenses shall be submitted on SURS travel voucher form.

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2.3.1.2 The travel voucher shall indicate the purpose of the travel.

2.3.1.3 The travel voucher shall show the dates of travel, points of departure and destination, mode of transportation, and cost of the transportation used.

2.3.1.4 If the distance traveled between any given points is greater than the usual route between these points shown on a map or internet program, the reason for the greater distance shall be stated.

2.3.1.5 Travel vouchers shall be supported by receipts in all instances for airplane transportation, lodging and all other items in excess of \$10.

2.3.1.6 The travel voucher shall be signed by the individual who has incurred the expenses.

2.3.1.7 Travel vouchers should be submitted within 30 days after the completion of travel.

2.3.1.8 Individuals submitting travel vouchers are personally responsible for their accuracy and propriety. Any misrepresentation may be cause for disciplinary or legal action.

### 2.3.2 Transportation

2.3.2.1 Automobile: Reimbursement is based on the mileage rate (currently \$0.54 per mile) approved by the U.S. General Services Administration under the regulations promulgated pursuant to 5 U.S.C. 5707 (b) (2). The mileage allowance plus related expenses per trip may not exceed the total round trip cost of coach air fare plus ground transportation to/from the destination.

2.3.2.2 Air & Train Fare: Actual, reasonable coach class air and train fare are fully reimbursable. Business class or first class travel is allowed only in the event another, less expensive class is not available and extraordinary circumstances prevail.

2.3.2.3 Taxi: Reimbursement for taxicab fares incurred in the efficient and economical pursuit of SURS business will be allowed.

2.3.2.4 Rental Vehicle: Actual, reasonable expense is reimbursable when other transportation is not available or cost effective. The most economical vehicle available that is suitable for the SURS business purpose shall be obtained. Collision damage waiver fees are not reimbursable. Reasonable fuel charges are reimbursable. A full explanation for the need and use of the rental vehicle must be submitted on or with the travel voucher.

### 2.3.3 Meals and Lodging

2.3.3.1 SURS Board members will be reimbursed for meals and lodging expenses while in travel status on SURS-related business, provided such expenses are allowable and reasonable as defined in paragraphs 2.3.6 and 2.3.7.

2.3.3.2 Whenever possible, hotels which offer a government employee discount rate should be used. (An identification card is generally required at check-in to get a preferential state government rate).

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2.3.3.3 Any additional meal and lodging costs incurred for someone traveling with a SURS Board are the responsibility of that member. However, SURS will reimburse for meal and lodging expenses of a person traveling with a Board member, if that person is traveling at the direct invitation of SURS, as, for example, Board members' spouses who are invited to attend SURS Board meetings.

### 2.3.4 Necessary Miscellaneous Expenses

2.3.4.1 The cost of miscellaneous business related expenses, if reasonable and necessary, shall be reimbursable. Examples of such expenses are:

2.3.4.1.1 Actual automobile parking fees and tolls for SURS related business.

2.3.4.1.2 A long distance telephone call to announce "safe arrival" or delay/change-in-plans to be reimbursed as follows:

2.3.4.1.2.1 Use of hotel phone, if documented on hotel bill. Actual cost for 3 minutes, not to exceed \$5.

2.3.4.1.2.2 Other phone usage (i.e., non-SURS cell phone, calling card, long distance carrier) to be reimbursed at a rate of 50¢ per minute for 3 minutes, not to exceed \$1.50.

2.3.4.1.2.3 Additional "safe arrival" calls will be allowed each time the traveler changes cities or hotels within the same city if the changes are required for official business reasons.

2.3.4.1.3 Phone calls for other official SURS business while in travel or non-travel status.

2.3.4.1.3.1 Use of hotel phone, credit card, cell phone, or any other device where per call charges can be documented on bill; actual cost will be reimbursed.

2.3.4.1.3.2 Other phone usage (i.e., non-SURS cell phone, calling cards, long distance carrier, home phone, or other devices) where per call charges cannot be documented to be reimbursed at a rate of 50¢ per minute, not to exceed \$15 per calendar month. Detailed invoice documentation required if total exceeds \$10 in any calendar month.

2.3.4.1.4 Reasonable expenses for laundry and dry cleaning if in travel status for not less than 7 consecutive days.

2.3.4.1.5 Reasonable expense for baggage storage and handling.

2.3.4.1.6 Taxicab fares and reasonable tips incurred in the efficient and economical pursuit of SURS business will be allowed.

2.3.4.1.7 Hotel internet charges when used for official SURS business.

2.3.4.1.8 Actual airline fees for the first piece of checked luggage of standard size and weight will be reimbursed in full. Actual airline fees, not to exceed \$25 each way, are reimbursable for the

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second piece of checked luggage when necessary to carry items required for the conduct of SURS business. Explanation for business use of 2<sup>nd</sup> bag must be noted on travel voucher form. Receipts will be required for any baggage charges.

### 2.3.5 Examples of Unnecessary Expenses

2.3.5.1 Personal and business entertainment expense.

2.3.5.2 Expenses for alcoholic beverages.

2.3.5.3 Meals for other state employees, third-party service providers, acquaintances, relatives, or family members.

2.3.5.4 Parking tickets or other traffic tickets.

2.3.5.5 Late checkout and other hotel room guarantee charges (unless special circumstances exist and charges are deemed necessary).

2.3.5.6 Expense for coat check.

2.3.5.7 Expense for lunch is not reimbursable, unless travel is overnight or greater than 18 continuous hours in a day; any amount established for lunch is for the purpose of setting a per meal ceiling on conference lunches and meals purchased for non-state officers and employees.

### 2.3.6 Definition of Reasonable Meal Expenses

2.3.6.1 Reasonable meal expenses are actual meal expenses not to exceed twice the normal meal or per diem allowance amount certified by the HETCB. In cases where the normal meal or per diem rates (i.e. \$17 meal, \$28 per diem) are exceeded, receipts should be submitted with the travel voucher in order to support the actual meal expense. Each receipt should be marked to identify the date and meal type (i.e. breakfast, dinner, etc.). To be eligible to claim a per diem allowance, a SURS Board member must be in travel status for not less than 18 continuous hours or the travel must involve an overnight stay.

2.3.6.2 Daily per-diem shall be allocated in accordance with the Quarter System. Each quarter is 6 hours, beginning at midnight, 6 a.m., noon, and 6 p.m. One-fourth of the daily per diem shall be allowed for each period of 6 hours or portion thereof that the Board member is in travel status.

2.3.6.3 Currently, the normal allowance for meals is:

Meal	In-State	Out-of-State
Breakfast	\$5.50	\$6.50
Lunch	\$5.50	\$6.50
Dinner	\$17	\$19

2.3.6.4 Currently, the normal per diem allowance is \$28 (in-state) or \$32 (out-of-state).

2.3.6.5 The meal allowance amount, if allowable, will be reimbursed when the claimant is not eligible for per diem. For the meal allowance for breakfast to be allowable, the SURS-related travel must begin before 6 a.m.; in the case of the dinner allowance, the travel must end after 7 p.m.

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2.3.6.6 When meals are provided by SURS, vendors, or are an integral part of conference registration fees, the traveler should subtract the normal meal allowance for the provided meals from any per diem allowances that are claimed.

2.3.6.7 Alcohol is never a reimbursable expense. When travelers are claiming actual meal expenses, it should be stated on the travel voucher that the meal expense does not include an expense for alcoholic beverages.

### 2.3.7 Definition of Reasonable Lodging Expense

2.3.7.1 SURS Board members will be reimbursed for expenses for lodging as established by the HETCB. Notwithstanding the foregoing sentence, Board members will also be reimbursed for lodging in headquarters provided (1) they are attending a regularly scheduled meeting or conference in the conduct of official SURS business that is followed by a SURS evening function, (2) the SURS evening function concludes after 6:00 p.m., and (3) they are expected to attend a regularly scheduled meeting or conference in the conduct of official SURS business the following morning. Currently the reimbursement limits, not including taxes, are:

2.3.7.1.1 Out-of-State - single room rate not to exceed \$110; Washington, DC \$174. Higher rates may apply depending on month. See SURS Travel Coordinator for details.

2.3.7.1.2 Effective October 1, 2016, the lodging rate maximums for Cook County are:

10/01/16 – 11/30/16	\$212
12/01/16 – 03/31/17	\$137
4/01/17-06/30/17	\$222
7/01/17 - 8/31/17	\$192
9/01/17 - 9/30/17	\$212

2.3.7.1.3 In-State Chicago Metro (DuPage, Kane, Lake, McHenry and Will counties) single room rate not to exceed \$80 per night.

2.3.7.1.4 Major downstate (Champaign, Kankakee, LaSalle, McLean, Macon, Madison, Peoria, Rock Island, St. Clair, Sangamon, Tazewell, and Winnebago counties) single room rate not to exceed \$70 per night.

2.3.7.1.5 Other downstate areas not to exceed \$60 per night.

### 2.3.7.2 Exceptions to the lodging limits are as follows:

2.3.7.2.1 Board members may exceed the lodging reimbursement limits provided they are attending a recognized conference in the conduct of official SURS business and provided that: the lodging was arranged for by conference officials; the Board member requested the lowest rate and states on the travel voucher that "I stayed at the official conference hotel". A copy of the conference material depicting the official hotel(s), rate information, and agenda must be attached to the travel voucher.

2.3.7.2.2 A hotel rate exceeding the limit may be reimbursable to a Board member provided that the Board member contacts at least 5

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hotels in the area in an attempt to get a rate that is within the established limit. The name and address of, and the rates quoted by the hotels contacted must be documented and attached to the travel voucher.

**2.4 Other Rules****2.4.1 Required receipt**

2.4.1.1 Receipts are required for any transportation, meal, lodging, and/or miscellaneous expense that individually exceeds \$10. If a receipt is not available, a signed affidavit by the traveler certifying the amount may be acceptable. Receipts need not be submitted if the normal meal or per diem allowance is payable (i.e. meal \$17, per diem \$28). Receipts should be submitted by Board members for all meals that exceed the normal meal or per diem allowances.

**2.4.2 Weekend layover**

2.4.2.1 Weekend layover shall be authorized as part of SURS-related travel only if the savings in air fare exceeds the additional cost for daily per diem, lodging, and ground travel. Specific cost information detailing the cost savings should be attached or listed on the travel voucher.

2.4.2.2 To avoid the appearance of paying for personal travel, written justification should be listed on the travel voucher whenever Saturday travel expenses are claimed.

**2.4.3 Business and personal travel**

2.4.3.1 If a SURS Board member combines business and personal travel, SURS will reimburse only for expenses that are directly related to the SURS business portion of the travel, and only to the extent that the expenses are otherwise allowable.





# **Blind Mailing Policy**

Adopted March 1996

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## SURS Policies and Procedures

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### BLIND MAILING POLICY

It is the policy of the State Universities Retirement System of Illinois (SURS) that its participants, annuitants, and benefit recipients have a valid expectation of privacy as to the contents of such persons' files, records, papers, and communications, except for purposes directly related to the administration of the System, and except for information required to be released under the Illinois Freedom of Information Act (5 ILCS 140), or other applicable laws or regulations.

From time to time, SURS is requested by annuitant organizations to furnish them with names and addresses of benefit recipients. The following shall be considered upon receipt of such requests:

- At no time shall SURS furnish the name, address, or any other confidential information of SURS benefit recipients to annuitant organizations unless it is determined by the fund that such disclosure is directly connected with the administration of the fund, or otherwise required by law.
- If any annuitant organization wishes to correspond with SURS benefit recipients for the purpose of providing informational material, SURS shall not furnish the names or addresses of any SURS benefit recipients pursuant to such request nor shall SURS assist in effectuating such correspondence, other than through a blind mailing.
- An annuitant organization is defined as a voluntary association or labor organization which represents, or whose membership consists of, retired community college or university employees and which would be authorized to receive dues or other contributions in accordance with the provisions of the "State Salary and Annuity Withholding Act" (5 ILCS 365), if such Act applied to the State Universities Retirement System.
- As defined by SURS, a "blind mailing" is a procedure by which SURS provides a list of SURS benefit recipients to an independent mailing house. The annuitant organization provides the correspondence to the mailing house. The mailing house mails the correspondence to the SURS benefit recipients on the mailing list. The annuitant organization is responsible for all costs associated with the blind mailing. The annuitant organization makes arrangements directly with the mailing house for its fees. The mailing house is prohibited from disclosing the names or addresses of SURS benefit recipients to any individual or organization, including the annuitant organization.
- Whether a blind mailing will be permitted and the content of any blind mailing correspondence shall be approved by the SURS Executive Director in his or her absolute discretion or, upon his or her referral, the SURS Board of Trustees, who shall have absolute discretion to approve or reject the blind mailing and to approve or reject any correspondence in whole or in part.
- Annuitant organizations requesting to correspond with SURS benefit recipients are limited to one mailing during a 12 month period, determined by counting the months since the last mailing. This provision may be waived by the Executive Director in his or her absolute discretion or, upon his or her referral, by the Board

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of Trustees in their absolute discretion. One waiver for any annuitant organization does not further suspend the 12 month limitation for that or any other annuitant organization.



# **BOARD COMMUNICATION POLICY**

Adopted April 22, 2011

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**STATE UNIVERSITIES RETIREMENT SYSTEM****Communication Policy**

The Board recognizes that potential problems can be avoided by having a clear policy that addresses both internal and external communications. It is also important that the roles and responsibilities of the Board and staff are outlined to facilitate effective communications between and among the trustees, staff members, employers and other interested parties.

**I. Communication Among Trustees**

Communications among trustees in an open, straightforward and timely manner are encouraged, subject to compliance with the requirements of the Open Meetings Act.

**II. Communication with Members of SURS**

If a Trustee communicates with a plan participant, he or she has a responsibility to ensure that the information provided is accurate, pertinent and complete. Trustees shall refrain from providing specific advice, counsel or education to a plan participant with respect to the rights or benefits that participant may be entitled to from the System.

In the event a plan participant requests that a Trustee provide explicit advice with respect to the System's services or activities, the Trustee shall assist the plan participant by referring the plan participant to the Executive Director or his or her designee or by asking the Executive Director or his or her designee to contact the participant directly. The Trustee, if he or she so requests, shall be informed by staff of the outcome of any such communication with a plan participant.

Trustees should generally refer plan participants' questions about established System practices, policies, rules, and regulations to the Executive Director or his or her designee. However, nothing in this Policy shall be construed to restrain a Trustee's right to comment on such policies, or to discuss with plan participants the Trustee's individual views on any issue or question within the Board's jurisdiction.

**III. Communication with Management of SURS**

Except as provided below, Trustees shall direct questions regarding any aspect of the System's operations, or the interests and rights of individual members, to the Executive Director, who shall ensure timely and effective response with input from the appropriate staff members. Trustees may direct questions of a legal nature directly to the General Counsel, questions related to Audit matters to the Chief Internal Auditor, and questions related to investments directly to the Chief Investment Officer, but the Executive Director

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## SURS Policies and Procedures

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shall be informed of such inquiries unless it is clearly inappropriate to do so. In the performance of their duties, Trustees may also communicate directly with the System's advisors and consultants, such as fiduciary counsel, investment consultant, lobbyists and external auditors, but shall not direct their activities unless such authority is delegated to the Trustee by the Board. Every effort shall be made to timely comply with any request for information received from a Trustee. If the Executive Director believes that fulfilling a Trustee's request to staff will require more than one hour of the time of the staff, then the Executive Director shall discuss the matter with the requesting Trustee, to determine whether it is possible to narrow the request to reduce the time required to one hour or less. If such discussions are unsuccessful, the Executive Director shall refer the matter to the Board Chair, who shall determine whether, and the extent to which, the staff will be required to fulfill the request.

If appropriate, the Executive Director or other staff responsible for responding to the inquiry shall ensure that information that has been requested by the Board or by a Trustee is made available to all Trustees.

### **IV. Communication with External Parties**

The Chairperson or his or her designee generally serves as the spokesperson for the System with respect to issues for which the Board is responsible, unless the Chairperson designates another Trustee or member of the staff to serve as the spokesperson on a specific issue. The Executive Director or other staff member, if serving as spokesperson, shall consult with the Chairperson, or the Vice-Chair, if the Chairperson is not available, to the extent feasible prior to making significant public statements on behalf of the System. All such public statements shall be consistent with applicable law and Board policy. Notwithstanding the foregoing, the Executive Director and Chief Investment Officer and their designees are authorized to communicate with external parties, without consulting with or reporting to the Chairperson, regarding matters for which they have been delegated responsibility.

The following guidelines shall apply with respect to the spokesperson:

- a. If time permits, and to the extent permitted by the Illinois Open Meetings Act, the spokesperson should inform as many Board members as possible in advance of engaging in external communications related to sensitive, high profile issues. Such communications will then be discussed at the next trustee meeting.
- b. To the extent possible, in situations where Board policy concerning an issue has not been established, the Board or an appropriate committee shall meet to discuss the issue prior to the spokesperson engaging in external communications.

Employees, other than those authorized to speak on behalf of the System, shall not respond, under any circumstances, to inquiries from the news media or industry analysts

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unless specifically authorized to do so. Employees who receive such inquiries should refer the inquirer to the Executive Director or their designee. Employees should not be constrained by this paragraph from conducting normal business activities required by their role and stated in their position responsibilities.

Trustees should never speak on behalf of the Board unless specifically authorized. While trustees may indicate publicly that they disagree with a policy or decision of the Board, they shall abide by the policy or decision to the extent consistent with their fiduciary duties.

Written press releases concerning the business of the System shall be the responsibility of the Executive Director and shall clearly and accurately reflect the laws and policies governing the System and the Board. The Executive Director shall submit to the Chairperson or in the Chair's absence, the Vice-Chairperson, for approval all press releases of a sensitive or high profile nature, or pertaining to Board policy. If possible, such press releases shall be shared with the Board prior to their release.

To ensure the accuracy of materials prepared by Trustees for publication or general distribution, which are related to the affairs of the System, and to ensure the System is not inadvertently placed at risk, Trustees shall not use system resources to create written material for general distribution to the membership or general public. Rather, any requests for the creation or distribution of such materials shall be made to the Executive Director, or to the Board. This paragraph shall not be construed to (a) alter the rules and regulations governing Trustee elections, or (b) restrict Trustees from engaging in other communications where they make clear that they are speaking solely on their own behalf and not on behalf of the System.

Communications by trustees, when acting in their capacity as trustees, shall at all times be consistent with their fiduciary duty to represent the interests of all System participants.





# **Ethics Policy**

Approved December 2010

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**SURS Policies and Procedures**

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**ETHICS POLICY**

**WHEREAS**, the Trustees elected or appointed to serve as members of the Board of Trustees (the “Board”) of the State Universities Retirement System of Illinois (the “System”) desire to enhance and promote the professional management of the System in order to ensure that the System provides retirement and other benefits to participants and beneficiaries who have served the State of Illinois and its citizens; and

**WHEREAS**, effective April 3, 2009 the General Assembly of Illinois amended the Illinois Pension Code (the “Code”) to make certain provisions within the State Officials and Employees Ethics Act, 5 ILCS 430 et seq. (“State Ethics Act”), which established a code of ethical conduct for all state officers, members of the Illinois General Assembly, and state employees, applicable to public pension fund and retirement system board members and employees; and

**WHEREAS**, it is essential to the proper operation of a public retirement system that board members and employees be independent and impartial, that public office and employment not be used for personal gain, and that the participants and beneficiaries of a public retirement system have full confidence in the integrity and fair and honest administration of such retirement system; and

**WHEREAS**, the Board Members and certain Employees of the System serve the System in a fiduciary capacity, and must act at all times to avoid conflicts of interest, impropriety, or even the appearance of impropriety; and

**WHEREAS**, a written Ethics Policy will assist Board Members and Employees of the System conform their conduct to the highest acceptable standards and to properly discharge their fiduciary and other duties owed to the System and its participants and beneficiaries.

**NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE SYSTEM, THAT THE FOLLOWING STATEMENTS OF POLICY SHALL SERVE AS THE SYSTEM’S CODE OF ETHICAL CONDUCT:**

**ARTICLE I**

**Section 1      Definitions**

The definitions used in this Ethics Policy are limited to this Policy and shall not be binding on the System for any other purpose. Whenever used in this Policy, the following terms shall have the following meanings:

- (a) “Board” means the Board of Trustees of the System.
- (b) “Board Member” means each of the elected and the appointed members of the Board.
- (c) “Code” means the Illinois Pension Code, as amended from time to time.

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- (d) “Compensation” means money, thing of value or other pecuniary benefit received or to be received in return for, or as reimbursement for, services rendered or to be rendered.
- (e) “Economic interest” means any direct or indirect interest valued or capable of valuation in monetary terms; provided, however, “economic interest” shall not include (1) any ownership through purchase at fair market value or inheritance of less than 1% of the shares of a corporation, or any value of or dividends of such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; (2) the authorized compensation paid to a Board Member or Employee for his office or employment; (3) any economic benefit provided equally to all residents of the State of Illinois; (4) a time or demand deposit in a financial institution; (5) an endowment or insurance policy or annuity contract purchased from an insurance company; (6) any accrued pension rights in the System; or (7) with respect to a mutual fund, the individual securities of other instruments owned by the mutual fund.
- (f) “Employee” means an individual employed by the System whether part-time or full-time or by a contract of employment, excluding any third party vendors of the System or any appointed or elected Board Member of the System.
- (g) “Ethics Officer” means the legal counsel for the System designated as being the System’s “Ethics Officer”.
- (h) “Gift” means any gratuity, discount, entertainment, hospitality, loan, forbearance, or other tangible or intangible item having monetary value including, but not limited to, cash, food and drink, and honoraria for speaking engagements related to or attributable to System employment or the official position of a Board Member or Employee of the System; provided, however, Gift shall not be deemed to include reimbursement from the System of travel, educational or due diligence meeting expenses relating to System business.
- (i) “Party in interest” means (1) any person that is a fiduciary, counsel or Employee of the System or a relative of such person; (2) any person that provides services to the System or a relative of such person; (3) an employer, any of whose employees are covered by the System; (4) an employee organization, any members of which are covered by the System; and (5) an Employee, officer or director of the System or of a person described under items (2), (3) or (4) above.
- (j) “Person” means any individual, entity, corporation, partnership, firm, association, union, trust, estate, as well as any parent or subsidiary of any of the foregoing, and whether or not operated for profit.
- (k) “Prohibited source” means any person or entity who:

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- (1) is seeking official action (A) by the Board; (B) by the Board Member; or (C) by the Employee;
  - (2) does business or seeks to do business (A) with the Board or (B) with a Board Member;
  - (3) has interests that may be substantially affected by the performance or non performance of the official duties of the Board Member; or
  - (4) is registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, except that an entity not otherwise a prohibited source does not become a prohibited source merely because a registered lobbyist is one of its members or serves on its board of directors.
- (l) “State” means the State of Illinois.
  - (m) “State Ethics Act” means the State Officials and Employees Ethics Act, 5 ILCS 430/1, as amended from time to time.
  - (n) “Statement” means the statement of economic interest form required to be filed by the Illinois Governmental Ethics Act, 5 ILCS 420/4A-101 et seq., as amended from time to time.
  - (o) “System” means the State Universities Retirement System.

**ARTICLE II**

**Section 2      Code of Conduct**

**2.1      Fiduciary Duty**

Board Members and Employees, who exercise discretionary authority or responsibility with respect to the management of the System or the management or operation of its assets, shall at all times in the performance of their public duties owe a fiduciary duty to the System and its participants and beneficiaries. That fiduciary duty includes an obligation to act in good faith and in the exclusive interest of the plan participants and beneficiaries, to act with prudence and reasonable care, to act with skill, competence and diligence and to abide by all applicable law, rules, and regulations, including the Code.

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## **2.2 Offering, Receiving and Soliciting Gifts and Favors**

- (a) No Board Member or Employee shall intentionally solicit or accept any Gift from any Prohibited Source or in violation of any federal or state statute, rule or regulation. This prohibition applies to the spouse, domestic partner and immediate family members living with the Board Member or Employee.
- (b) No Prohibited Source shall give or offer to give to any Board Member or Employee or to the spouse, domestic partner or immediate family member living with a Board Member or Employee anything of value, including, but not limited to, a Gift, favor or promise of future employment, based upon any mutual understanding, either explicit or implicit, that the votes, Board Member actions, decisions or judgments of any Board Member or Employee, concerning the business of the System would be influenced thereby.
- (c) Nothing in this Policy shall prohibit any Board Member or Employee, or spouse, domestic partner or immediate family member living with a Board Member or Employee from accepting a Gift on the System's behalf; provided, however, the person accepting the Gift shall promptly report receipt of the Gift to the Board and to the System's Ethics Officer, who shall add it to the inventory of System property.
- (d) The restrictions in Subsections (a) and (b) above do not apply to the following:
  - (1) Opportunities, benefits, and services available on the same conditions as for the general public.
  - (2) Anything for which the Board Member or Employee or his or her spouse, domestic partner or immediate family member living with him or her pays the market value.
  - (3) Any (i) contribution that is lawfully made under the Election Code or under the State Ethics Act or (ii) activities associated with a fundraising event in support of a political organization or a candidate for any elective office.
  - (4) Educational materials.
  - (5) A Gift from a relative, meaning those people related to the individual as father, mother, son, daughter, brother, sister, uncle, aunt, great uncle, great aunt, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, and including the father, mother, grandfather, or grandmother of the individual's spouse and the individual's fiancé or fiancée.
  - (6) Anything provided by an individual on the basis of a personal friendship unless the Board Member or Employee has reason to believe that, under the circumstances, the Gift was provided because of the official position or employment of the Board Member or Employee and not because of the personal friendship.

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In determining whether a Gift is provided on the basis of personal friendship, the Board Member or Employee shall consider the circumstances under which the Gift was offered, such as:

- (i) the history of the relationship between the individual giving the Gift and the recipient of the gift, including any previous exchange of Gifts between those individuals;
  - (ii) whether to the actual knowledge of the Board Member or Employee the individual who gave the gift personally paid for the Gift or sought a tax deduction or business reimbursement for the Gift; and
  - (iii) whether to the actual knowledge of the Board Member or Employee the individual who gave the Gift also at the same time gave the same or similar Gifts to other Board Members or employees or their spouses, domestic partners or immediate family members living with them.
- (7) Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are (i) consumed on the premises from which they were purchased or prepared or (ii) catered. For purposes of this subsection, “catered” means food or refreshments that are purchased ready to eat and delivered by any means.
- (8) Food, refreshments, lodging, transportation, and other benefits resulting from the outside business or employment activities (or outside activities that are not connected to the duties of the Board Member or Employee as an office holder or employee) of the Board Member or Employee, or the spouse of the Board Member or Employee, if the benefits have not been offered or enhanced because of the position or employment of the Board Member or Employee, and are customarily provided to others in similar circumstances.
- (9) Intra-governmental and inter-governmental gifts. For the purpose of this Policy, “intra-governmental gift” means any Gift given to a Board Member or Employee of the System from another Board Member or Employee of the System; and “inter-governmental gift” means any gift given to a Board Member or Employee of the System by a Board Member or employee of a State agency or department, of a federal agency, or of any governmental entity.
- (10) Bequests, inheritances, and other transfers at death.
- (11) Any item or items from any one Prohibited Source during any calendar year having a cumulative total value of less than \$100.

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## SURS Policies and Procedures

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Each of the exceptions listed in this subsection (d) is mutually exclusive and independent of one another.

- (e) A Board Member or Employee does not violate this Policy if the Board Member or Employee promptly takes reasonable action to return the prohibited Gift to its source or gives the Gift or an amount equal to its value to an appropriate charity that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as now or hereafter amended, renumbered, or succeeded.

### 2.3 System Owned Property

No Board Member or Employee shall engage in or permit the unauthorized use of System-owned or System-leased property. System-owned and System-leased property shall only be used for official System business.

### 2.4 Use or Disclosure of Confidential Information

No Board Member or Employee shall use or disclose, other than (i) in the performance of his or her official duties as a Board Member or Employee; (ii) as may be required by law; or (iii) as permitted by this Policy or by resolution of the Board, confidential information gained in the course of or by reason of his or her position or employment with the System. For purposes of this Section, “confidential information” means any information that may not be obtained pursuant to the Illinois Freedom of Information Act, as amended from time to time.

### 2.5 Conflicts of Interest

- (a) Board Members and Employees shall maintain their independence and objectivity in all matters relating to the System and shall deal fairly, objectively and impartially with all participants and beneficiaries of the System.
- (b) No Board Member or Employee shall make, or participate in making, any System decision with respect to any matter in which the Board Member or Employee, or the spouse or domestic partner of the Board Member or Employee, has any conflict of interest distinguishable from that of the general public. A conflict of interest is understood to be a situation where a relationship exists that could reasonably be expected to diminish independence of judgment in performance of official responsibilities as a Board Member or Employee.
- (c) Any Employee who has a conflict of interest as described by subsection (b) above shall advise his or her supervisor of the conflict or potential conflict. The immediate supervisor shall either:
  - (1) assign the matter to another Employee; or
  - (2) require the Employee to eliminate the economic interest or other situation giving rise to the conflict and only thereafter shall the Employee continue to participate in the matter.



## **2.6 Representation of Other Persons**

No Board Member or Employee may represent, or have an economic interest in the representation of, any person in a formal or informal proceeding or transaction before the System in which the Board's or Employee's action or non-action is of a non-ministerial nature.

## **2.7 Post Employment Restrictions**

- (a) For a period of one year from and after the expiration or other termination of a his or her term of office as a member of the Board or as an Employee, no former Board Member or Employee shall assist or represent any person in any business or adversarial transaction involving the System, if the Board Member or Employee participated personally and substantially in the consideration of or implementation of that transaction during his or her term of office or employment.
- (b) No former Board Member or Employee may, for a period of one year after the termination of his or her term of office or employment, knowingly accept employment or receive compensation or fees for services from an employer if the Board Member or Employee, during the year immediately preceding termination of System employment or expiration of his or her term of office, participated personally and substantially in the decision to award System contracts with a cumulative value of over \$25,000 to the person or entity, or its parent or subsidiary.
- (c) The requirements of this Section may be waived by the Board if the Board determines, in writing, that the System's negotiations and decisions regarding the procurement of the contract or contracts were not materially affected by any potential for employment of that Board Member or Employee by the employer.
- (d) This Section applies only to persons who terminate an affected position on or after the effective date of this Policy.

## **2.8 Ethics Training**

Pursuant to the Illinois Pension Code, 40 ILCS 5 et seq. (the "Code"), all Board Members must attend ethics training of at least eight (8) hours per year. The training required includes training on ethics, fiduciary duty, and investment issues and any other curriculum that the Board establishes as being important for the administration of the System. The Board must annually certify its Board Members' compliance with the Code's ethics training requirements.

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**SURS Policies and Procedures**

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## **2.9 No Monetary Gain on Investments**

No Board Member or Employee of the System, nor any spouse of such Board Member or Employee, shall knowingly have any direct interest in the income, gains, or profits of any investments made on behalf of the System, nor receive any pay or emolument for services in connection with any investment. No Board Member or Employee shall become an endorser or surety, or in any manner an obligor for money loaned or borrowed from the any retirement system or pension System or the Illinois State Board of Investment. For the purposes of this Section 2.9, an annuity otherwise provided in accordance with the Code or any income, gains, or profits related to any non-controlling interest in any public securities, mutual funds, or other passive investment is not considered monetary gain on investments.

Pursuant to the Code, a violation of this Section 2.9 shall be a Class 3 felony.

## **2.10 Prohibited Transactions**

- (a) A fiduciary of the System shall not cause the System to engage in a transaction if he or she knows or should know that such transaction constitutes a direct or indirect:
  - (1) Sale or exchange, or leasing of any property from the System to a party in interest for less than adequate consideration, or from a party in interest to the System for more than adequate consideration.
  - (2) Lending of money or other extension of credit from the System to a party in interest without the receipt of adequate security and a reasonable rate of interest, or from a party in interest to the System with the provision of excessive security or an unreasonably high rate of interest.
  - (3) Furnishing of goods, services or facilities from the System to a party in interest for less than adequate consideration, or from a party in interest to the System for more than adequate consideration.
  - (4) Transfer to, or use by or for the benefit of, a party in interest of any assets of the System for less than adequate consideration.
- (b) A fiduciary of the System shall not:
  - (1) Deal with the assets of the System in his own interest or for his own account;
  - (2) In his individual capacity or any other capacity act in any transaction involving the System on behalf of a party whose interests are adverse to the interests of the System or the interests of its participants or beneficiaries; or
  - (3) Receive any consideration for his own personal account from any party dealing with the System in connection with a transaction involving the assets of the System.
- (c) Nothing in this Section 2.10 shall be construed to prohibit any Board Member from:
  - (1) Receiving any benefit to which he may be entitled as a participant or beneficiary in the System.
  - (2) Receiving any reimbursement of expenses properly and actually incurred in the performance of his duties with the System.

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**SURS Policies and Procedures**

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- (3) Serving as a Board Member in addition to being an officer, employee, agent or other representative of a party in interest.
- (d) A fiduciary of the System shall not knowingly cause or advise the System to engage in an investment transaction when the fiduciary (1) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (2) has a business relationship with the investment adviser that would result in a pecuniary benefit to the fiduciary as a result of the investment transaction. Violation of this subsection (d) is a Class 4 felony.
- (e) A Board Member, Employee or consultant with respect to the System shall not knowingly cause or advise the System to engage in an investment transaction with an investment adviser when the Board Member, Employee or 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 advisor that would result in a pecuniary benefit to the Board Member, Employee or consultant or spouse of such Board Member, Employee or consultant as a result of the investment transaction. For purposes of this subsection (e), a consultant includes an employee or agent of a consulting firm who has greater than 7.5% ownership of that consulting firm. Violation of this subsection (e) is a Class 4 Felony.

## **2.11 Whistleblower Protection**

No complainant, or Employee acting on behalf of a complainant, shall be discharged, threatened or otherwise discriminated against regarding compensation, terms, conditions, location or privileges of employment because:

- (a) the complainant or Employee acting on behalf of the complainant reports or is about to report, verbally or in writing, a violation or suspected violation of this Policy; or
- (b) the complainant or Employee acting on behalf of the complainant is requested to participate in an investigation, hearing or inquiry held pursuant to this Policy, or in any related court action.

This Section shall not apply to a complainant, or Employee acting on behalf of a complainant, who knowingly makes a false report.

## **ARTICLE III**

### **Section 3 Financial Disclosure**

On or before May 1 of each year, Board Members shall file verified written statements of economic interests as required by the Illinois Governmental Ethics Act, 5 ILCS 420/4A-101 et seq., as amended. All statements shall be available in electronic form for examination and duplication by the Board upon request.

## **ARTICLE IV**

### **Section 4      Ethics Officer**

Legal counsel for the System shall be designated as the System's Ethics Officer for the purposes of this Policy. The duties of the Ethics Officer include (i) reviewing statements of economic interest and disclosure forms of Board Members upon request and (ii) providing requested guidance to Board Members and Employees in the interpretation and implementation of this Policy; *provided, however*, that compliance with this Policy remains the individual responsibility of each Board Member and Employee. If uncertainty exists as to the proper procedure(s) to be followed in connection with this Policy, Board Members and Employees are encouraged to consult with the System's Ethics Officer.

Further, Board Members and Employees are hereby advised that the Ethics Officer represents the System and not the individual Board Members and Employees. As such, any guidance or advice provided to an individual by the Ethics Officer pursuant to this Policy is not given to him or her personally, but instead is given because of the position or employment of the particular Board Member or Employee with the System.

## **ARTICLE V**

### **Section 5      Penalties for Violation**

#### **5.1   Sanctions**

Any Employee found to have violated any provision of this Policy, or to have knowingly furnished false or misleading information in any investigation, hearing or inquiry held pursuant to this Policy, shall be subject to employment sanctions, including discharge. The provisions of this Policy shall not limit the power of officials to otherwise discipline Employees. Any Board Member who intentionally files a false or misleading Statement of Economic Interests, or knowingly fails to disclose a conflict of interest as described in this Policy, or otherwise knowingly violates any fiduciary duty, may be subject to equitable or remedial relief in accordance with the applicable provisions of the Code.

#### **5.2 Other Remedies**

Nothing in this Policy shall preclude the System from maintaining an action for an accounting for any pecuniary benefit received by any person in violation of this Policy or other law, or to recover damages for violation of this Policy.



*Executive Director*

**State Universities Retirement System**

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## SURS Policies and Procedures

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### 1 MISSION STATEMENT

The mission of the Executive Director, as Chief Executive Officer of the system and Secretary of the SURS Board of Trustees, is to provide advice, counsel and full disclosure to the Board to enable the Board to make knowledgeable, well-informed decisions, implement the Board's policies relating to fund administration and investment management, direct and oversee all aspects of system operations, maintain a comprehensive and effective controls structure that provides reasonable assurance of compliance with state laws and communicate the Board's policies internally and externally. The primary functions are:

Advise, consult with, and keep fully informed, the Board of Trustees with respect to the management of the System and the investment of the System's assets to enable the Trustees to discharge their duties as fiduciaries and make knowledgeable and well-informed decisions.

Plan, direct and manage all operations of the System in accordance with state laws, and the rules, policies and procedures of the Board;

Implement a budgeting process, generate reports and set up control structures and procedures designed reasonably to assure compliance with applicable state laws, control over expenditures and full disclosure to the Board of Trustees of all aspects of administrative operations of the System; and

Act as chief liaison between the Board of Trustees and the SURS staff internally and the SURS membership, membership organizations, covered employers, the General Assembly, state officials, the media, and the public externally.

Except as otherwise directed by the Board, oversee and manage the SURS staff on a day-to-day and long-term basis, and ensure its effective functioning in support of the Board's policies and directives and the System's duties to members and other stakeholders.

### 2 POLICIES

#### 2.1 Executive Director Appointment and Removal

##### 2.1.1 Appointment

2.1.1.1 The SURS Board shall, by majority vote, appoint an Executive Director.

##### 2.1.2 Removal

2.1.2.1 The SURS Board may, by majority vote, remove the Executive Director at a public meeting called for that purpose.

#### 2.2 Executive Director Duties

The Executive Director shall perform such duties as are assigned to that position in the SURS Bylaws or as otherwise assigned by the Board in its discretion, and shall have the authority and duty to take any action reasonably necessary or appropriate to the performance of such explicitly assigned duties.

##### 2.2.1 In General

2.2.1.1 Under the direction of the Board, management and administration of SURS is delegated to an Executive Director who shall act as chief executive officer, carrying out the Board's policies and the duties imposed by applicable state laws.

##### 2.2.2 Specific Duties

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## SURS Policies and Procedures

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2.2.2.1 The duties of the Executive Director include, but are not limited to, the following:

- 2.2.2.1.1 Participate in the meetings of the Board and, as Secretary of the Board, record, or cause to be recorded, the minutes of Board proceedings;
- 2.2.2.1.2 Maintain all records, papers and documents pertaining to the work of the Board;
- 2.2.2.1.3 Certify, together with the Board President, all warrants, checks and drafts on the Board's Treasurer in accordance with actions of the Board authorizing payments for benefits, expenses and investments out of the funds belonging to SURS and in the hands of the Treasurer;
- 2.2.2.1.4 Keep the seal and affix it to all papers requiring the same;
- 2.2.2.1.5 Attest all documents signed by the President on the authority of the Board;
- 2.2.2.1.6 Give notice in writing to all Board members of all meetings of the Board not later than 5 days previous to any meeting;
- 2.2.2.1.7 Collect all money due the Board, except investment income and proceeds from sales or redemptions of securities;
- 2.2.2.1.8 Endorse, only for deposit in the depository bank approved by the Board or for transfer to the corporate trustee employed by the Board, all warrants, checks, drafts and other remittances payable to the order of the Board or SURS, that are received and see that these are deposited immediately with the Treasurer, depository bank or corporate trustee;
- 2.2.2.1.9 Develop and recommend to the Board policies and procedures governing all aspects of fund administration;
- 2.2.2.1.10 Establish and maintain a comprehensive system of records, reports, accounts, and controls that are in accordance with applicable state laws and generally accepted accounting and auditing standards that are designed to keep the Board fully informed with respect to all aspects of SURS operations;
- 2.2.2.1.11 Prepare and submit for review and approval by the Board at its annual meeting or such other time as may be appropriate, annual budgets for administrative, investment and capital expenditures;A
- 2.2.2.1.12 Act as custodian for all property owned by the Board other than the money and property in the custody of the Treasurer, depository bank or corporate trustee;
- 2.2.2.1.13 Determine and recommend for Board approval the staff positions needed for fund administration;
- 2.2.2.1.14 Subject to prior Board approval, contract for investment management, consulting, actuarial, legal, medical, corporate trustee, and other professional services necessary for system operations and to carry out the requirements of applicable state laws and the duties imposed on the fiduciaries of SURS;
- 2.2.2.1.15 Present for Board approval, applications for retirement, disability, survivor, and death benefits and other claims;



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**SURS Policies and Procedures**

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2.2.2.1.16 Prepare and approve all vouchers for benefits, expenses, and investments and prepare all warrants and drafts on the Treasurer, depository bank or corporate trustee for the signature of the proper officers, provided, however, that vouchers covering payments to the Executive Director shall be approved by the Board President;

2.2.2.1.17 On an ongoing basis, conduct periodic quality and quantitative reviews of all providers of investment management, custodial bank and other professional services, and make recommendations to the Board as appropriate; and

2.2.2.1.18 Establish and maintain ongoing communication with the SURS membership, membership organizations, covered employers, the General Assembly, state officials, the news media, and the general public.



*Executive Staff*

**State Universities Retirement System**

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## SURS Policies and Procedures

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### 1 MISSION STATEMENT

The mission of the SURS Executive Staff shall consist of the Executive Director, the General Counsel, the Chief Investment Officer, the Chief Benefits Officer, the Chief Technology Officer, the Chief of Internal Audit, the Chief Human Resources Officer, the Chief Diversity Officer, and the Chief Financial Officer. The mission of the SURS Executive Staff is to provide administrative support and clerical services to enable the Board and the Executive Director to carry out their duties effectively and efficiently. The Executive Director shall ensure that each member of the Executive Staff meets the minimum qualifications for their position, as determined by the Board or the Executive Director as applicable, and define the responsibilities of each of the members of the Executive Staff consistent with Board direction, and may assign them other duties as the Executive Director considers appropriate. The primary functions of the Executive Staff are:

Provide administrative support and clerical services to the Board of Trustees and the Executive Director and assist in the communication of information to the Trustees, staff, SURS Members, contributing employers, and other public agencies and organizations.

Prepare timely notices and agendas for Board and Board Committee meetings, so that Trustees and other interested parties are advised of meeting dates and issues to be discussed.

Arrange and coordinate Board and other SURS public meetings to assure that these meetings function in an organized and orderly fashion.

Prepare minutes of Board and Board Committee meetings so as to assure an accurate and complete record of proceedings.

Maintain a file of Board minutes and a centralized reference source for legal opinions, copies of contracts, Executive correspondence, and legislative information.

Oversee, manage, and direct the day-to-day operations of the System.

Engage in succession planning, including the submission to the Executive Director by each member of the Executive Staff of a plan for the succession to the Executive Staff member's own position and to such additional positions within that Executive Staff member's area of responsibility as the Executive Director may direct. Such succession plans shall be approved or modified by the Executive Director in his or her discretion. Such succession plans shall be reviewed and amended or reaffirmed at least biennially after their initial approval.

***INVESTMENT PROCUREMENT  
POLICY***



Amended: January 29, 2021

## ***1. Introduction***

This policy addresses the general procedures of the State Universities Retirement System (“SURS”) in soliciting bids and surveying the market for Investment Services (the “Policy”). The selection and appointment of firms to provide Investment Services shall be made and awarded in accordance with the Illinois Pension Code (the “Code”) and all other relevant authority under the Illinois Compiled Statutes.

## ***2. Definitions***

“Board” means the Board of Trustees of SURS.

“Consultant” means any person or entity retained or employed by the Board to make recommendations in developing an investment strategy, assist with finding appropriate investment advisers or monitor the Board’s investments. “Consultant” does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, services used to track compliance with legal standards and investment in fund of funds where the Board has no direct contractual relationship with the investment advisers or partnerships. A Consultant must be registered as an investment adviser under the federal Investment Advisers Act of 1940 or as a bank, as defined in the federal Investment Advisers Act of 1940. Included in the definition of a Consultant is a “Specialty Consultant”. A “Specialty Consultant” means a Consultant selected by the Board pursuant to a Request for Proposal (“RFP”) process that specializes in one or more investment areas of expertise. Also included in the definition of a Consultant is a “General Investment Consultant”. A “General Investment Consultant” means a Consultant selected by the Board pursuant to a RFP process to provide general investment consulting services, including investment manager search and selection, among other things.

“Chief Procurement Officer” is an individual designated by SURS to oversee and monitor the procurement process consistent with the requirements of this Policy, the Code and all other relevant authority under the Illinois Compiled Statutes.

“Expenditure” means any investment, expense, or cost relating to Investment Services.

“Investment Adviser” is any person or firm who: (1) is a fiduciary appointed by the Board in accordance with Section 1-109.1 of the Code; (2) has the power to manage, acquire or dispose of any asset of SURS; (3) has acknowledged in writing that he or she is a fiduciary with respect to SURS; (4) is registered as an investment adviser under the federal Investment Advisers Act of 1940 or as a bank, as defined in the federal Investment Advisers Act of 1940.

“Investment Services” means services provided by an Investment Adviser or a Consultant pursuant to Section 1-113.14 of the Code.

“Opportunistic Investment” means an investment opportunity resulting from dramatic market mispricing due to atypical external forces, which is time-sensitive in nature and would be expected

to produce either: 1) risk-adjusted investment returns exceeding those found in more typical market environments or 2) enhanced downside protection of SURS assets.

**“Quiet Period”** means a period of time during which a RFP for a potential Consultant, custodian, Investment Adviser or vendor is underway and during which a set of guidelines governs any communication by the Board, Consultant or Staff with such parties.

### ***3. Applicability of RFP Procedures***

The RFP procedures in this Policy apply to all Expenditures, including but not limited to, hiring of Consultants, Investment Advisers, custodians, proxy voting service providers and defined contribution service providers other than (i) sole source procurements (ii) emergency procurements, and (iii) at the discretion of the Board, contracts that are nonrenewable and one year or less in duration, so long as the contract has a value of less than \$20,000. All exceptions granted under this section must be published on the SURS web site, shall name the person authorizing the procurement, and shall include a brief explanation of the reason for the exception.

Unless specifically waived by the Board, effective July 1, 2018, the following Expenditures shall be subject to this Policy as proscribed below:

- i. fund-of-funds investments shall be subject to the procurement requirements of this Policy at least once every five years; and
- ii. follow-on funds that are managed in distinct entities from prior investments shall be subject to the procurement requirements of this Policy. For the avoidance of doubt, any follow-on fund recommended by a Specialty Consultant shall be subject to Section 7 of this Policy.

### ***4. Procurement Procedures and Schedule***

The following are the general procurement actions that shall be taken by SURS when considering Expenditures. SURS shall develop and use uniform documents for the solicitation, review and acceptances of all Investment Services. References to actions by the Staff in this Policy shall mean the Staff in consultation with any applicable Consultant retained by SURS.

- a. Staff is authorized to issue RFPs as necessary to implement, or maintain, the strategic policy targets established by the Board.
- b. Staff is expected to consult with third parties and potential respondents prior to the proposed RFP as necessary to address any inquiries and encourage participation in the procurement process. Members of the Board may communicate with third parties and potential respondents consistent with applicable law and applicable policy.
- c. Following initial due diligence, Staff shall prepare the RFP for the Expenditure. The RFP shall contain all information statutorily required, as well as such information as necessary

for, or related to, any potential Expenditure. Staff shall provide the Investment Committee with a tentative time-line for all actions relating to the RFP. Such time-line shall include, but not be limited to, the RFP issuance date, the date all responses are due and the date of the expected final decision. The Quiet Period is initiated with the issuance of an RFP.

- d. At a minimum, Staff shall post the RFP on the SURS website, advertise the RFP in a nationally circulated investment publication and any other publication deemed appropriate by Staff or as required by law. Staff may: (i) contact potential respondents in order to notify them of the issuance of the RFP and (ii) disseminate such RFP to potential respondents.
- e. The deadline for submission of proposals shall be not less than fourteen (14) days following the posting of the RFP. RFP responses received by the deadline stated in the RFP shall be recorded and receipted by Staff. Staff shall review and analyze the responses to the RFP as expeditiously as reasonably practical within the RFP specifications. Staff shall verify information submitted and resolve or confirm any discrepancies. Staff will eliminate any response that fails to conform to the minimum qualifications outlined in the RFP. Staff will periodically throughout the procurement process provide an update with respect to the RFP process and include such report in Investment Committee materials.
- f. Staff and/or Consultants shall meet or conduct phone interviews with representatives of the respondents selected as semi-finalists by Staff and/or Consultants to obtain an independent assessment of the firm's capabilities.
- g. Following the interview process, Staff and/or Consultants shall identify qualified firms to recommend to the Investment Committee for possible engagement by the Board. If in any case an "emerging investment manager" (as such term is defined in the Code) submits a RFP response that meets the requirements for a specific search then the "emerging investment manager" shall receive an invitation to present to the Investment Committee/Board. In the case where multiple "emerging investment managers" meet the criteria of the search, the most qualified firm or firms shall be selected to present to the Investment Committee/Board.
- h. Following Staff's and/or Consultant's recommendation, if the amount of the contemplated investment or commitment will exceed \$50 million, the Investment Committee shall interview the respondents recommended or direct that additional respondents be invited for interview. If the contemplated investment or commitment is \$50 million or less, the recommended respondents shall be invited to make final written submissions to the Investment Committee, but live interviews shall not be required unless the Investment Committee so directs. The Investment Committee shall approve a recommendation to the Board for selection of a respondent for the Expenditure. The Investment Committee may, in good faith, decline to recommend any respondent following such interviews. The Investment Committee may recommend a recommencement of the RFP process for such potential Expenditure or terminate the search entirely.



- i. The Board may approve or disapprove the recommendation of the Investment Committee with respect to any proposed Expenditure.
- j. Staff and/or Consultants shall, in conjunction with its legal counsel, negotiate the contract with the approved respondent. If required by the Code, such contract must at a minimum contain the specific requirements found in Section 1-113.14 of the Code. Staff shall promptly provide a report to the Investment Committee in the event Staff is unable to negotiate contract terms with the approved respondent that meet the requirements of the Code. The Quiet Period concludes with the completion of successful contract negotiations.
- k. SURS shall post the name(s) of the successful respondent(s) on SURS' web site, along with a disclosure including the total amount applicable to the contract, the total fees paid or to be paid, and a description of the factors that contributed to the selection of the respondent consistent with the requirements of the Code.

## **5. *Other RFP Requirements***

- a. The RFP process shall comply with all relevant sections of State and Federal law, including the Code and applicable case law.
- b. Fees are an important factor when evaluating procurement for Investment Services and will be given full consideration in the procurement process. If a recommended RFP respondent's fees are materially different from other respondents presenting to the Investment Committee, Staff will include the rationale for considering the higher cost option in supporting materials provided to the Investment Committee.
- c. SURS shall not enter into a contract with a Consultant that exceeds five (5) years in duration. 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 as permitted in the Code.
- d. Any report, documentation, or list compiled or received by Staff or a Consultant relating to a RFP or Expenditure shall be promptly made available to the Board upon request.
- e. Nothing in this Policy is meant to prohibit or discourage any Board Member from being involved in any part of the procurement process; provided that such Board Member provides prior notice of his/her intent to participate to Staff in order to ensure such participation is in compliance with applicable law. It is expected that Staff and consultants shall each provide independent recommendations to the Board regarding all such procurements.
- f. No Board member, SURS employee or SURS vendor shall knowingly cause or advise the Board to engage in an investment transaction with a vendor when the Board member, SURS employee, SURS consultant or any of their spouses (i) has any direct interest in the income, gains or profits of the investment vendor through which the investment transaction is made or (ii) has a relationship with that investment vendor that would result in a

pecuniary benefit to the Board member, SURS employee or SURS vendor or any of their spouses as a result of the investment transaction. References to the “investment vendor” include an employee or agent of such firm who has greater than 7.5% ownership of the consulting firm.

g. Quiet Period Policy

1. A Quiet Period will commence upon issuance of an RFP and end once a selection has been made by the Board and the completion of successful contract negotiations with a respondent;
2. Initiation, continuation and conclusion of the Quiet Period shall be publicly communicated to prevent inadvertent violations;
3. All Board members, and Staff other than those directly involved in the search or the Chief Procurement Officer or their designee, shall refrain from communicating with respondents regarding any product or service related to the search in process. All Board members and Staff shall refrain from accepting meals, travel, hotel, or other value from such respondents;
4. Throughout the Quiet Period, if any Board member is contacted by a respondent, the Board member shall refer such party to the Chief Procurement Officer;
5. All authority related to the search process shall be exercised solely by the Investment Committee or Board as a whole, and not by individual Board members;
6. The Quiet Period does not prevent Board approved due diligence, client conference attendance or communications with an existing vendor; provided, however, that discussions related to the procurement and pending selection shall be avoided during those activities;
7. The provisions of this Policy shall apply throughout the Quiet Period and shall be communicated to respondents in conjunction with any search; and
8. A respondent may be disqualified from a search process for a violation of the Quiet Period or any portion of this Policy.

## ***6. Procurement Requirements for Opportunistic Investments***

The Board will not be required to fulfill the RFP procurement requirements of this Policy for Opportunistic Investments as defined at Section 2 of this Policy, if the requirements of this Section 6 are complied with.

The following are the general procurement requirements for an Opportunistic Investment recommended by any Investment Consultant hired by the Board; provided, however that any procurement or due diligence requirement in the contract between such Investment Consultant and the Board and any specific directive from the Board to such Consultant regarding a proposed Opportunistic Investment takes precedence over the general requirements of this Section.

- a. In recommending any Opportunistic Investment to the Investment Committee/Board for consideration, the Investment Consultant shall develop and utilize a consistent and uniform competitive process for analyzing and vetting potential opportunistic investments that shall be substantially similar to the competitive process outlined in Article 35 of the Illinois Procurement Code, if required by the Code.

- b. The Investment Consultant shall ensure that any potential Opportunistic Investment and its terms are in compliance with the Code and any applicable law, regulation or directive of the Board, including SURS' Investment Policy and approved asset allocation.
- c. The Investment Consultant shall conduct such competitive process in a transparent and streamlined manner to ensure potential Opportunistic Investments are recommended to the Board in a timely manner.
- d. In recommending any Opportunistic Investment to the Investment Committee/Board, the Investment Consultant shall prepare a detailed report for the Investment Committee/Board outlining the utilized competitive process and its due diligence of the potential investment. As part of the recommendation process the Investment Consultant and Staff will secure and review all statutorily required disclosures and provide those disclosures to the Investment Committee/Board for consideration prior to taking action on the recommendation.

## ***7. Procurement Requirements for Recommendations by a Specialty Consultant***

The Board will not be required to fulfill the RFP procurement requirements of this Policy for a follow-on fund or any investment if the follow-on fund or investment is specifically recommended by a Specialty Consultant and if such Specialty Consultant has adhered to the procurement requirements specifically outlined in this Policy for a Specialty Consultant in formulating the recommendation.

The following are the general procurement requirements for any investment recommended by a Specialty Consultant; provided, however that any procurement or due diligence requirement in the contract between such Specialty Consultant and the Board regarding a proposed investment takes precedence over the general requirements of this Section.

- a. In recommending any investment to the Investment Committee/Board for consideration, the Specialty Consultant shall develop and utilize a consistent and uniform competitive process for analyzing and vetting potential investments that shall be substantially similar to the competitive process outlined in Article 35 of the Illinois Procurement Code, if required by the Code.
- b. The Specialty Consultant shall ensure that any potential investment and its terms are in compliance with the Code and any applicable law, regulation or directive of the Board, including SURS' Investment Policy and approved asset allocation.
- c. The Specialty Consultant shall conduct such competitive process in a transparent and streamlined manner to ensure the Specialty Consultant is recommending potential investments to the Board in a timely manner.
  - i. If in any case an "emerging investment manager" (as such term is defined in the Code) submits a response that meets the requirements for a specific search then the

“emerging investment manager” shall receive an invitation to present to the Investment Committee/Board. In the case where multiple “emerging investment managers” meet the criteria of the search, the most qualified firm or firms shall be selected to present to the Investment Committee/Board.

- d. In recommending any investment to the Investment Committee/Board, the Specialty Consultant shall prepare a detailed report for the Investment Committee/Board outlining the utilized competitive process and its due diligence of the potential investment. As part of the recommendation process the Specialty Consultant and Staff will secure and review all statutorily required disclosures and provide those disclosures to the Investment Committee/Board for consideration prior to taking action on the recommendation. If the contemplated investment or commitment is \$50 million or less, the recommended respondents shall be invited to make final written submissions to the Investment Committee, but live interviews shall not be required unless the Investment Committee so directs. The Specialty Consultant can recommend a follow-on fund commitment. The General Partner of any follow-on fund previously recommended by the Specialty Consultant and approved by the Board will not be required to present to the Investment Committee.
- e. The Specialty Consultant should endeavor to recommend one or more qualified firms to the Investment Committee/Board on a quarterly basis, if consistent with SURS’ Investment Policy, asset class pacing plan and approved asset allocation.

Initially adopted March 9, 2018

Revised: March 8, 2019, September 13, 2019, June 5, 2020, January 29, 2021

**STATE UNIVERSITIES RETIREMENT SYSTEM**

***INVESTMENT POLICY***



Adopted by the Board of Trustees  
April 21, 2022



# INVESTMENT POLICY

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		<ul style="list-style-type: none"> <li>• Goals for Utilization of Emerging Investment Managers and MWDBE Managers</li> <li>• Goals for Utilization of Minority-Owned Broker/Dealers</li> <li>• Manager Diversity Program</li> <li>• Manager-of-Managers Program</li> </ul>
<b>Exhibit I</b>	<b>/ 39</b>	<b>Glossary of Terms</b>
<b>Appendices</b>	<b>/ 49</b>	



## **I. Purpose of Investment Policy**

This document specifically outlines the investment philosophy and practices of the State Universities Retirement System (“**SURS**” or the “**System**”) and has been developed to serve as a reference point for the management of the Defined Benefit Plan<sup>1</sup>.

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1. Capitalized terms not defined in the text of this document can be found in the Glossary of Terms attached hereto as Exhibit I.



## II. Strategic Objectives

The Strategic Objectives of this Policy are as follows:

- Achieve long-term, sustainable, investment performance necessary to meet or exceed the System's Assumed Rate of Return (set forth in Appendix 1), net of investment management fees;
- Manage the risk and volatility of financial assets in the Portfolio;
- Control fees and expenses related to managing the Portfolio;
- Manage Staff operational expense at a prudent level;
- Manage the System's Liquidity, in order to meet Member and other System obligations in a timely manner;
- Provide ongoing financial education to the Board and Staff in order for them to carry out their responsibilities; and
- Comply with all applicable laws and regulations applicable to the investment of the Portfolio.





### **III. Role Definitions**

The following sections outline the roles of the principal parties involved, their responsibilities and performance evaluation.

#### **Board of Trustees**

The Board is responsible for establishing the Policy for the System and overseeing the investment of the Portfolio and the expenditures required to meet System obligations. Specifically with regard to investments, the Board takes action based on information presented at Board and/or Investment Committee meetings and after considering recommendations made by Staff or Consultants.

The Board maintains a long-term investment focus and has adopted a formal review schedule, as set forth in Appendix 2.

#### **Investment Committee**

The Investment Committee shall be comprised of all of the members of the Board, and shall be empowered to act as the Board with respect to the broad range of issues covered by this Policy including, but not limited to, those set forth in this Investment Policy.

#### **Executive Director**

The Executive Director, in connection with such person's duties regarding this Investment Policy, shall be responsible for the following, among other things:

1. Execution of agreements and contracts, and amendments thereto, with Board-approved Managers, Consultants, Custodians and Vendors;
2. Ensuring that funds are invested in accordance with Board policies;
3. Communicating with the Board, its Officers and Investment Committee chair;
4. Studying, recommending, and implementing policy and operational procedures that will enhance the investment program of SURS;
5. Monitoring the performance of the Portfolio and the Staff; and
6. Ensuring that proper internal controls are developed to safeguard the assets of the System.

#### **Internal Investment Staff**

The internal investment staff ("**Staff**") provides internal investment management and/or consulting services to the Board and Investment Committee, implements Board decisions and manages the Portfolio, consistent with this Policy. Staff is expected to provide written recommendations to the Board and Investment Committee on investment related matters.

The Chief Investment Officer ("**CIO**") heads the Staff and oversees the performance of its members. The CIO reports to the Executive Director, but works directly with the Board and the Investment Committee on Policy-related issues.

The primary functions delegated by the Board to the CIO and the Staff may include, but are not limited to, working with the Executive Director and the Board to implement this Investment Policy and Board decisions made in connection with the Investment Policy. In connection therewith, Staff will be expected to manage cash-flow and liquidate assets, as necessary to pay



benefits and other System obligations; to approve revisions to Manager Guidelines, with the approval of the Consultant and General Counsel; to serve on advisory boards where in the best interests of the System; to respond to inquiries relating to the Portfolio in accordance with SURS' communications policies; and to complete other administrative duties related to the operation of the Portfolio, not inconsistent with this Investment Policy.

### **External Investment Consultants**

The Board may retain an investment advisor who is a paid, professional consultant ("**General Consultant**") and who is qualified to provide the Board with investment advice by academic and professional training and experience and is considered an expert in the field of investment and finance. The Board may also elect to retain one or more additional Consultants ("**Special Consultants**"), and together with the General Consultant, the "Consultant") that specialize in specific areas of asset consulting. Each Consultant's relationship with the Board shall be that of a fiduciary under 40 ILCS 5/1-101.2(2).

Consultants are hired by, and report directly to, the Board. Their duties are to work with the Board, Investment Committee and its chair, and Staff in the management of the investment process. Consultants are expected to provide written recommendations to the Board and Investment Committee on investment related matters.

An annual review of each Consultant will be conducted by the Board, with input from the Staff.

### **External Investment Managers**

External investment managers ("**Managers**") are selected by, and serve at the pleasure of, the Board. Staff implements the Board's decisions through negotiation, execution and enforcement of Investment Management Agreements, including Manager Guidelines. Staff works with Consultants to design Manager Guidelines specific to Board-approved assignments. Duties of Managers include, but may not be limited to, those set forth in Appendix 3. Each Manager's relationship with the Board shall be that of a fiduciary under 40 ILCS 5/1-101.2(2).

Criteria for selection, retention and termination of Managers are covered in Sections VII and VIII.

### **Master Trustee / Custodian**

The Master Trustee/Custodian ("**Custodian**") is selected by, and serves at the pleasure of, the Board. The Custodian will, among other duties, collect income and keep safe all cash and securities, and will regularly summarize these holdings, along with both their individual and collective performance, for Staff's review. The Custodian will provide data and performance reports to the Staff and Consultants at requested intervals. In addition, a bank or trust depository arrangement will be utilized to accept and hold cash prior to allocating it to Managers and to invest such cash in liquid, short-term securities in accordance with Manager Guidelines. Pursuant to approved Strategic Policy Targets, Staff will direct the Custodian to allocate cash and/or securities to the System's Managers as necessary. The Custodian may also, with the approval of the Board and at the direction of the Staff, engage in a Securities Lending program. Alternatively, the Board may choose to retain a third party firm to provide Securities Lending services.



### **General Counsel's Office**

The role of the General Counsel's office is to oversee internal and external legal services provided to the System in connection with this Policy and to ensure compliance with all applicable legal requirements.

### **External Counsel**

External Counsel may be retained to provide legal services in connection with the review and negotiation of Investment Management Agreements or investment transactions where specialized experience is required or where General Counsel Office resources are unavailable.



## **IV. Strategic Allocation and Rebalancing Strategy**

### **A. Purpose**

The purpose of the Strategic Allocation and Rebalancing Strategy is to establish a framework that has a high likelihood, in the judgment of the Board, of realizing the System's long-term funding success.

### **B. Targets and Ranges**

Strategic Allocation involves establishing Target Allocation Percentages for each approved Strategic Class and their sub-class components. Target Allocation Percentages are established and amended from time-to-time by the Board, based on recommendations from the General Consultant. Target Allocation Percentages are selected based upon a review of various combinations of Strategic Classes and their respective Components designed to sustain the System's funding progress while incurring an acceptable level of risk.

In developing its recommendation, the General Consultant takes into consideration Expected Returns, Volatility of Returns and Covariance of Returns, and certain scenario and Liquidity risks. SURS' current Strategic Policy Target and Interim Policy Target Percentages are set forth in Appendix 4.

The Interim Policy Target may change over time and reflects the necessity of a gradual shift of assets to the Strategic Policy Target, due to practical implementation considerations and Liquidity constraints. Staff has discretion to gradually adjust the Interim Policy Targets toward the Strategic Policy Targets.

### **C. Rebalancing**

Investment returns on each Strategic Class in the portfolio (both positive and negative) cause the balance of each such Strategic Class to increase/decrease. Such changes cause the resultant Strategic Class Percentages to deviate from the Strategic Policy Target, potentially requiring Rebalancing.

Rebalancing shall automatically occur whenever a Strategic Class is three (3) percentage points greater or lesser than the Strategic Policy Target level or when the overall Broad Growth allocation deviates from the aggregate Broad Growth target by more than five (5) percentage points. Rebalancing may also be initiated by the Staff as part of its annual review or at any time when Strategic Class Percentages deviate significantly from Strategic or Interim Policy Targets, as applicable. Rebalancing may also occur in the event of a change in the Strategic Policy Target mix by the Board.

Rebalancing, when required, shall occur as soon as practical and may be facilitated by the use of a Cash Overlay Manager approved by the Board. In the event of extraordinary market events that (i) result in Strategic Class Percentages deviating significantly from Strategic Policy Targets or Interim Policy Targets, as applicable, but (ii) prevent the implementation of Rebalancing activities, Staff may request from the Board temporary exceptions to these guidelines.

Because certain Strategic Classes and sub-class Components are illiquid or less liquid than others, it may be costly or impractical to rebalance in the short term. Accordingly, qualitative considerations (e.g., transaction costs, liquidity needs, investment time horizons, etc.) will be



considered in determining the potential timing and extent of Rebalancing to the extent illiquid/less liquid Strategic Classes/Components require adjustment.

The Target Allocation Percentages shall be established at a reasonable cost, recognizing that overly precise administration of policy targets can result in transaction costs that are not economically justified. Consequently, the Board accords the Staff discretion to take those actions which, in the judgment of the Staff, are within the spirit of these guidelines and in the best interest of SURS. Staff will report the results of Rebalancing activity to the Investment Committee at the next regular Investment Committee meeting.

#### **D. Periodic Review**

The Target Allocation Percentage will be reviewed annually for reasonableness relative to changes in the General Consultant's recommendation. The Board will undertake a comprehensive review of the Strategic Allocation policy every three to five years, or to the extent there are any significant changes made to the System's Strategic Objectives. This review will take into consideration the ongoing effectiveness of the Consultant's recommendation, an updated Asset/Liability Study, System Liquidity and other factors that may influence the Strategic Policy Target or Rebalancing strategies.



## **V. Investment Risk Management**

### **Risk Oversight**

Investment risk shall be undertaken in order to achieve long-term investment objectives. The Board shall monitor investment risk and set guidelines for the Staff to manage such risk within acceptable tolerance levels.

### **Portfolio Risk**

Risk levels within the Portfolio will evolve over time for various reasons, including (but not limited to) changes in: (i) Strategic Allocation; (ii) volatility in Strategic Class/Component returns; (iii) Strategic Class/Component relationships; and (iv) portfolio Liquidity.

### **Other System Risks**

The System also incurs risks associated with: (i) amount and timing of Appropriation payments; (ii) the amount and timing of Member benefits and other System obligations; and (iii) changes in the System's Asset/Liability Position.

### **Risk Monitoring**

Portfolio risk shall be monitored through multiple forms of analysis. Analysis will occur at various levels of detail, including individual Manager, Strategic Class and Total Portfolio.

For Marketable Securities' portfolios, individual Managers will be reviewed quarterly using risk measures that may include: (i) Beta (ii) Standard Deviation; (iii) Tracking Error and (iv) R-squared. For private markets, individual Managers will be periodically reviewed using risk measures tailored for each Asset Class.

For major Strategic Classes and their Components, the Board will review quarterly risk measures that may include Standard Deviation.

For the Portfolio as a whole, the Board will review on a quarterly basis various risk measures that may include: (i) Actual vs. Target Allocation Percentages; (ii) Total Portfolio Risk; (iii) market Volatility Index; (iv) Standard Deviation; (v) Value at Risk; (vi) Sharpe Ratios; and (vii) Liquidity Profile.

Other system risk metrics may include: (i) System Cash Flow analysis and (ii) Asset/Liability gap analysis.

To the extent that risk thresholds at the individual Manager, Strategic Class or Portfolio level exceed those established by the Board, Staff will recommend remedial action for Board approval at the next scheduled Board Meeting.

### **Reporting**

Reports will be assembled on a quarterly basis by Staff, Consultant or Custodian, as applicable and provided to the CIO for review. Summary reports will be assembled and presented to the Investment Committee on a quarterly basis.



## **VI. Portfolio Construction and Performance Benchmarks**

The Board has adopted Target Allocation Percentages in accordance with its Strategic Allocation and Rebalancing strategy described in Section V. Within each Strategic Class, the Board will determine the amount of such class that will be (i) managed internally vs. externally; (ii) managed actively vs. passively; (iii) allocated to a particular sub-class, sector or style, if any, and (iv) allocated to each approved Manager. Strategic Class allocations will be reviewed annually in connection with the Target Allocation Percentage review.

The choice of internal vs. external management shall be based on a periodic comparison of (i) the cost and availability of qualified Staff and systems support and (ii) the cost and availability of Managers. Currently, the Board makes exclusive use of external Managers.

The portfolio will be managed in a combination of active and passive management. Active management will be used to a greater extent in less efficient markets while passive management will be used more heavily in more efficient markets.

Amounts allocated to each Manager, within a Strategic Class, sub-class, sector or style shall be based on: (i) the total dollar amount to be allocated to such category; (ii) the relative ongoing performance of applicable Managers; (iii) the unique attributes of such Manager's investment style and potential benefits from diversification; and (iv) the overhead cost of managing the number of Managers within such category. Subject to SURS' MWDBE Manager Utilization Goals and Manager Diversity Program, the Board has a bias toward fewer Managers and more meaningful allocations.

Managers selected by the Board will be given specific roles within each Strategic Class, sub-class, sub-sectors, and styles, as applicable. These roles are specifically set forth for each firm as Manager Guidelines, established at the beginning of the relationship with SURS as part of the contract negotiation process. These guidelines cover such items as Benchmarks, permissible investments, use of leverage, obligor concentrations, currency denomination, etc. Staff and Consultant will be responsible for implementation of these guidelines, supervision of the Managers, performance monitoring and reporting. Updates will be provided to the Board or Investment Committee as requested, or as deemed necessary by Staff and Consultant.

### **Broad Growth Class and Its Underlying Components**

#### **A. Role**

The Broad Growth Class is expected to generate relatively high levels of absolute and real (i.e., inflation-adjusted) returns, net of all costs. The Broad Growth Class is considered the main return driver of the overall/aggregate total SURS investment portfolio. While over time volatility is expected, the Broad Growth class must achieve its relatively high returns on a sustainable basis in order for the overall SURS pension plan to achieve its long-term objectives. In addition, each of the three Broad Growth components (described below) are expected to produce relatively high returns when compared to other SURS class portfolios.





## B. Investment Structure

The Broad Growth class consists of three components: Traditional Growth, Stabilized Growth, and Non-Traditional Growth. The structures and roles of these three components are described in detail below. Allocation levels to the Broad Growth Class and its three components are set forth in Appendix 4. The structure of each major components should cause investment performance outcomes to be complementary of the respective outcomes of the other two components, allowing for a more robust and sustainable long-term growth path for the combined SURS growth-oriented assets.

## C. Benchmark

Benchmarks for the overall Broad Growth Class and its three components are set forth in Appendix 5.

### *Traditional Growth Component Structure*

#### A. Role

The Traditional Growth portfolio is expected to generate attractive absolute returns in a relatively low cost manner. The Traditional Growth portfolio also typically invests in securities that exhibit reasonable levels of Liquidity.

#### B. Investment Structure

1. The Traditional Growth allocation consists of a highly diversified mix of publicly traded global Equities. Common stocks, preferred stocks, or other Equity securities are typically utilized.
2. The public Equity portfolio is composed of U.S., non-U.S. and global Equity segments.
  - U.S. Equities
    - Managers invest primarily in publicly traded Equity securities of U.S. companies.
  - Non-U.S. Equities
    - Managers invest primarily in publicly traded Equity securities of non-U.S. companies, in both developed and emerging markets.
  - Global Equities
    - Managers make the allocation decisions between U.S. and non-U.S. markets, in both developed and emerging markets and invest in publicly-traded securities of U.S. and Non-U.S. companies, in both developed and emerging markets.
3. Allocation
 

The allocations to the above subcomponents of the Traditional Growth portfolio are overseen and managed by Staff. To ensure consistency with investment policy, overall regional allocations (e.g., the allocation proportion to the U.S. versus non-U.S. regions and/or developed vs. emerging markets, etc.) of the Traditional Growth portfolio will be assessed versus the commensurate proportional allocation levels exhibited within the MSCI ACWI IMI Index, the Benchmark for the overall Traditional Growth portfolio. Taking these considerations into account, Staff has discretion to manage the allocation levels among the above three portfolio segments.





4. Assets may be held in Commingled Funds or privately managed Separate Accounts.
5. Use of leverage will be controlled as appropriate in the Manager's Guidelines.
6. Implementation of the Traditional Growth portfolio is via a combination of Active Management and Passive Management. Allocation to active and passive mandates takes market efficiency into account across and/or within the above three major Traditional Growth segments.

#### C. Benchmarks

Benchmarks for the Traditional Growth portfolio and its three subcomponents are set forth in Appendix 5. Benchmarks for specific subcomponent, sector, style, and/or manager portfolios will be established to ensure consistency with both the overall Traditional Growth benchmark as well as the specific subcomponent Benchmark under which the portfolio resides.

### *Stabilized Growth Component and Its Underlying Sub-Components*

#### D. Role

The Stabilized Growth Component is expected earn Risk-Adjusted returns in excess of the Traditional Growth Component, primarily as a result of (i) achieving absolute return levels that are near-or-equivalent to those achieved by the Traditional Growth component while also (ii) achieving lower volatility (risk) over a full investment cycle, particularly during Traditional Growth bear markets.

#### E. Investment Structure

The Stabilized Growth component consists of three sub-components: Options Strategies, Public Credit, Private Credit, and Real Assets. The structures of these three sub-components are described below. Allocation levels to the Stabilized Growth component and its three sub-components are set forth in Appendix 4.

#### F. Benchmark

Benchmarks for the overall Stabilized Growth component and its three sub-components are set forth in Appendix 5.

### Stabilized Growth Sub-Components:

#### I. Options Strategies Structure

##### A. Role

The Options Strategies portfolio is expected to provide similar, but higher Risk-Adjusted Returns than public equity. This expectation should be due to these strategies (i) producing compound returns that are modestly below traditional long-only public equities over a full investment cycle while (ii) also incurring significantly lower volatility than long-only public equity. In addition, Options Strategies produce a return pattern that is significantly different from traditional public equity over time – specifically, periodic outlying returns should be reduced. In summary, Options Strategies are utilized to achieve downside protection and risk mitigation to the overall SURS Portfolio (and, in particular the traditional public equity portfolio).



## B. Investment Structure

1. SURS has implemented its initial Options Strategies through direct allocations to multiple managers that exhibit specific expertise in this strategy.
2. The aggregate Options Strategies portfolio consists of managers that apply a limited range of collateral-supported options selling programs (i.e., (i) writing call options associated with a specified long position in an equity index fund or long positions of specified equity securities or (ii) writing index put options associated with a commensurate level of cash or very-near-cash collateral).
3. The Options Strategies portfolio may seek to invest globally across U.S. and non-U.S. markets, replicating the general risk characteristics of industry-standard equity market indices.
4. Within the portfolio, the account structure utilized may be a blend of separate account(s) and fund(s), depending on the assigned strategy/mandate.
5. Leverage is not typically employed in Options Strategies. Any degree of leverage requires SURS Board approval.
6. Implementation of the Options Strategies portfolio is via Active Management.

## C. Benchmarks

Benchmarks for the Hedged Strategies portfolio are set forth in Appendix 5.

# II. Public Credit Structure

## A. Role

The public credit portfolio is expected to provide income, yield and diversification to the total Portfolio due to a moderate correlation with other Asset Classes. In addition, the public Credit portfolio is expected to provide return, a source of Liquidity, and positive returns relative to an appropriate performance Benchmark.

## B. Investment Structure

1. The Credit allocation consists of a diversified mix of publicly traded Credit securities, invested across multiple asset types.
  - Quality standards, such as credit, concentration, duration, liquidity, etc., will be specifically set forth in each Manager's Guidelines, as applicable. In the event a security no longer meets the quality standards referenced above, the Manager may continue to hold such security if it believes doing so is in the best interest of SURS. The Manager shall provide written justification of the action to Staff [and Consultant] as soon as practicable.
2. The public credit portfolio is composed of Global Investment Grade, High Yield, Global Bank Loans and Emerging Market Debt ("**EMD**") segments.
  - Global Investment Grade
    - Managers may invest primarily in global investment grade securities of corporation and governmental agencies.
    - Global Investment Grade is defined as those with a rating of at least "BBB-" or equivalent by two or more of the credit rating agencies.



- High Yield
  - Managers are permitted to invest in high yield bonds with an understanding that these bonds provide greater risk, potential for capital loss but with greater potential yield/return.
  - High Yield bonds are defined as those that are rated lower than “BBB-” by at least one of the credit rating agencies.
- Global Bank Loans
  - Managers may invest in global bank loan debt
- EMD
  - Managers are permitted to invest in Investment Grade corporate and high yield debt securities of emerging market countries, in both U.S. dollar and local currency terms, providing additional diversification and opportunities for higher yield.
- 3. Allocation
  - The policy targets for the subcomponents of the portfolio are set forth in Appendix 4.
- 4. Assets may be held in Commingled Funds or privately managed Separate Accounts.
- 5. Use of leverage and short sales will be controlled as appropriate in the Manager’s Guidelines.
- 6. Implementation of the Credit portfolio is via Active Management.

#### C. Benchmarks

Benchmarks for subcomponents of the Fixed Income portfolio are set forth in Appendix 5.

### III. Private Credit Structure

#### A. Role

The Private Credit portfolio is expected to earn absolute returns in excess of the Public Credit markets over time, reflecting a modest illiquidity premium. The Private Credit portfolio is also expected to produce stable income and downside collateral protection.

#### B. Investment Structure

1. The Private Credit allocation is generally defined as non-bank financing and/or private placements while incorporating multiple collateral types (including but not limited to corporate credit, mortgage credit, structured credit, specialty finance, asset-based, and consumer credit) and strategies.
2. The Private Credit portfolio is composed of two major subcomponents.
  - Yield-Oriented
    - Yield-Oriented investment strategies target primary/origination-based transactions that focus on generating returns through performing cash flows.
  - Opportunistic
    - Opportunistic investment strategies target secondary/asset purchases that rely more heavily on generating returns through appreciation.
3. Allocation



- The Private Credit portfolio shall be diversified by time, subclass, manager, collateral, and geography.
- Such diversification is expected to enhance returns and control risk.
- 4. The account structure is typically in commingled Closed-end Funds, but may utilize other structures such as evergreen vehicles including Separate Accounts and/or Fund of Ones.
- 5. Leverage may be utilized by some Private Credit strategies.
- 6. Implementation of the Private Credit portfolio is via Active Management.

#### C. Benchmarks

Benchmarks for the Private Credit portfolio are set forth in Appendix 5.

### IV. Real Assets Structure

#### A. Role

The Real Asset portfolio is expected to generate attractive Risk-Adjusted Returns through stable income and the opportunity for capital appreciation, while providing diversification to the overall Portfolio.

#### B. Investment Structure

1. The Real Asset allocation consists of Core/Core-Plus Real Estate and Core/Core-Plus Infrastructure.
  - Core Real Estate
    - Core Real Estate Managers typically invest in properties that are well located and well leased with strong quality tenants. Core investments provide stable income with lower volatility.
  - Core-Plus Real Estate
    - Core-Plus Real Estate Managers typically invest in properties that are well located and may have re-financing, re-leasing or re-furbishment requirements. Core-Plus strategies may have modestly higher leverage than Core strategies. Core-Plus investments should provide moderate income. Core-Plus Real Estate may have modestly higher return expectations than Core Real Estate.
  - Core Infrastructure
    - Managers typically invest in a variety of assets in the transportation, power/utilities, midstream energy, renewables, communications, and waste management sectors globally. Core investments should exhibit low-to-moderate levels of leverage, as well as income and appreciation return orientation. Core investments should provide stable income with lower volatility.
  - Core-Plus Infrastructure
    - Managers typically invest in a variety of assets in the transportation, power/utilities, midstream energy, renewables, communications, and waste management sectors. Core-plus investments typically exhibit moderate levels of leverage, as well as income and appreciation return orientation. Core-plus



infrastructure may have modestly higher return expectations than Core infrastructure.

2. Allocation
  - The policy allocation for the Core/Core-Plus Real Estate is 85% of the Real Assets component, with a range of 75-100%.
3. The account structure for Core/Core-Plus Real Estate and Infrastructure is typically either Open-end Funds or Closed-end Funds. SURS may also participate through Fund-of-Funds structures, which provide further Manager diversification and the opportunity for co-investment and secondary fund opportunities.
4. Leverage is an inherent component of Real Assets investing and levels are generally determined on a fund-level basis. Leverage levels in Core/Core-Plus Real Assets are typically lower than those for Non-Core Real Assets.
  - Core/Core-Plus Real Estate: funds may have up to 40% leverage, maximum of 50%
  - Core/Core-Plus Infrastructure: funds generally do not have stated leverage limitations
5. Diversification
  - Core/Core-Plus Real Estate: Portfolio will be broadly diversified and measured against the NCREIF Fund Index - Open End Diversified Core Equity (“NFI-ODCE”) Value Weighted Index property type weightings (office, retail, industrial, apartment, other)
  - Core/Core-Plus Real Estate: Portfolio will be broadly diversified and measured against the NFI-ODCE Value Weighted Index regional weightings (East, South, West, Midwest)
  - Infrastructure: Minimum 75% invested in Organisation for Economic Co-operation and Development (“OECD”) countries
  - Up to 25% of the Real Asset allocation may be invested outside the U.S.
6. The Real Assets portfolio is implemented via Active Management. SURS will seek to diversify the portfolio by utilizing various Managers and limiting a Manager’s concentration within the portfolio. Subject to Emerging Investment Manager and MWDBE Utilization Goals and Board exception, concentration limits are set forth in Appendix 4. The optimal number of investment vehicles in the portfolio and their vintage year exposure varies with market opportunities and will be evaluated as part of the Real Assets Strategic Plan and Pacing Model developed by Staff and Consultants.

#### C. Benchmarks

Benchmarks for subcomponents of the Real Assets portfolio are set forth in Appendix 5.

### *Non-Traditional Growth Component and Its Underlying Components*

#### A. Role

The Non-Traditional Growth Component is expected earn Risk-Adjusted returns in excess of the Traditional Growth Component, primarily due to the Liquidity Premium demanded by investors across various types of private markets.

#### B. Investment Structure



The Non-Traditional Growth component consists of two sub-components: Private Equity and Non-Core Real Assets. The structures of these two sub-components are described below. Allocation levels to the Non-Traditional Growth component and its two sub-components are set forth in Appendix 4. Specific manager/partnership investments and allocations are overseen by SURS' specialty consultants.

#### C. Benchmark

Benchmarks for the overall Non-Traditional Growth component and its two sub-components are set forth in Appendix 5.

#### Non-Traditional Growth Sub-Components:

##### I. Private Equity Structure

###### A. Role

The Private Equity portfolio is expected to earn Risk-Adjusted Returns in excess of the public Equity markets, primarily due to the Liquidity Premium demanded by investors. The Private Equity portfolio is also expected to decrease the volatility of the Portfolio, through the diversification benefits of having lower correlations with other Asset Classes.

###### B. Investment Structure

1. The Private Equity allocation generally consists of investments into private companies, either directly or through limited partnership interests of pooled vehicles covering the broad spectrum of private investments as follows in B(2).
2. The Private Equity portfolio is composed of three major subcomponents.
  - Venture Capital/Growth
    - Venture capital partnerships primarily invest in businesses still in the conceptual stage (start-up or seed) or where products may not be fully developed, and where revenues and/or profits may be several years away.
    - Growth/later-stage venture capital partnerships typically invest in more mature companies in need of growth or expansion capital.
  - Buyout
    - These partnerships provide the equity capital for acquisition transactions either from a private seller or the public, which may represent the purchase of an entire company, or a refinancing or recapitalization transaction where Equity is purchased.
  - Other
    - Mezzanine/subordinated debt partnerships provide the intermediate capital between Equity and senior debt in a buyout or refinancing transaction.
    - Restructuring/distressed debt partnerships typically make new investments in financially or operationally troubled companies, often for a control position, with a view to improving the balance sheet and operations for a subsequent sale.



- Special situations partnerships include organizations with a specific industry focus or transaction type not covered by the other subclasses mentioned above, or unique opportunities that fall outside such subclasses.

### 3. Allocation

- The Private Equity portfolio shall be diversified by time, subclass, and geography.
- Such diversification is expected to enhance returns, control risk, and reduce volatility.

### 4. SURS currently participates in Private Equity through various structures including commingled Fund-of-Funds, Separate Accounts and primary fund commitments.

### 5. In addition to limited partnership interests, SURS may participate in co-Investments, which are direct investments alongside a general partner.

### 6. Leverage may be present in Private Equity investments, most commonly in buyout partnerships. Levels are generally determined on a fund-level basis.

### 7. Implementation of the Private Equity portfolio is via Active Management.

### 8. To manage private equity exposure or to rebalance the portfolio, SURS may consider a sale of private equity interests on the secondary market.

## C. Benchmarks

Benchmarks for the Private Equity portfolio are set forth in Appendix 5.

## II. Non-Core Real Asset Structure

### A. Role

The Non-Core Real Asset portfolio is expected to earn Risk-Adjusted Returns in excess of the public Equity markets, primarily due to re-positioning and development of real asset projects, the use of leverage, and to a Liquidity Premium demanded by investors. At the margin, the Non-Core Real Asset portfolio is also expected to diversify the broader Non-Traditional Growth Portfolio, which also includes Private Equity (see above).

### B. Investment Structure

1. Non-Core Real Asset investments provide access to opportunities for higher returns by investing (typically with the use of leverage) in assets in need of re-tenanting, development, re-development, operational improvements, or renovation, or are otherwise in some form of distress, exhibit sub-optimal capital structures, or experiencing market dislocation(s). They may also be located in emerging/non-institutional market segments and/or product/asset types. Such investment may utilize more aggressive financial structures in order to raise the return/risk profile, emphasize capital appreciation, and exhibit relatively high return objectives.
2. The Non-Core Real Asset portfolio may consist of equity or debt investments in real estate, infrastructure, agriculture, energy-related investments, or timberland.
3. Allocation
  - The Non-Core Real Asset portfolio shall be diversified by time, subclass, and geography.





- Such diversification is expected to enhance returns, control risk, and reduce volatility.
  - 4. The account structure is typically in funds. SURS may also consider investments through a Fund-of-Funds structure, which provides Manager diversification and the opportunity for co-investment and secondary fund opportunities.
  - 5. Leverage is typically present in Non-Core Real Asset investments. Levels are generally determined on a fund-level basis.
  - 6. Up to 25% of the Real Asset allocation may be invested outside the U.S.
  - 7. Implementation of the Non-Core Real Asset portfolio is via Active Management.
- C. Benchmarks
- Benchmarks for the Non-Core Real Asset portfolio are set forth in Appendix 5.

### **Principal Protection Class Structure**

#### **A. Role**

The principal protection portfolio is expected to provide a modest absolute return, be an anchor to the overall portfolio and significant diversification to the total Portfolio due to low correlation with other Asset Classes. In addition, the principal protection portfolio is expected to provide capital preservation, a source of Liquidity, lower volatility and competitive returns relative to an appropriate performance Benchmark.

#### **B. Investment Structure**

1. The principal protection allocation consists of a diversified mix of publicly traded Fixed Income securities, invested across multiple asset types.
  - Quality standards, such as credit, concentration, duration, liquidity, etc., will be specifically set forth in each Manager's Guidelines, as applicable. In the event a security no longer meets the quality standards referenced above, the Manager may continue to hold such security if it believes doing so is in the best interest of SURS. The Manager shall provide written justification of the action to Staff [and Consultant] as soon as practicable.
2. The principal protection portfolio is composed largely of Treasuries, Agency backed mortgage securities, and other agency backed bonds.,
  - Mortgage Backed Securities - Agency
    - Managers invest primarily in Mortgage backed Securities (MBS) issued by the U.S. government agencies (Fannie Mae, Freddie Mac, or Ginnie Mae).
  - Treasuries
    - Managers invest in treasury securities of the U.S. government.
  - Other
    - Managers may invest in other high quality segments as clarified in manager specific guidelines, however these must be Investment Grade credit that is rated "BBB" or higher by two or more of the credit rating agencies.
3. Allocation
  - The policy targets for the subcomponents of the portfolio are set forth in Appendix 4.
4. Assets may be held in Commingled Funds or privately managed Separate Accounts.





5. Use of leverage and short sales will be controlled as appropriate in the Manager's Guidelines.
6. Implementation of the Principal Protection portfolio is primarily via Active Management..

C. Benchmarks

Benchmarks for subcomponents of the Fixed Income portfolio are set forth in Appendix 5.

### **Inflation Sensitive Class Structure**

A. Role

The Inflation Sensitive portfolio is expected to provide the portfolio with a hedge against structural inflation. In addition, the inflation sensitive portfolio is expected to provide competitive returns relative to an appropriate performance Benchmark.

- Quality standards, such as credit, concentration, duration, liquidity, etc., will be specifically set forth in each Manager's Guidelines, as applicable. In the event a security no longer meets the quality standards referenced above, the Manager may continue to hold such security if it believes doing so is in the best interest of SURS. The Manager shall provide written justification of the action to Staff [and Consultant] as soon as practicable.

B. Investment Structure

The Inflation Sensitive Class consists solely of Treasury Inflation Protected Securities:

- Implementation of the TIPS portfolio is currently via Passive Management.

C. Benchmarks

Benchmarks for the Inflation Sensitive Class are set forth in Appendix 5.

### **Crisis Risk Offset Class Structure**

A. Role

The Crisis Risk Offset (CRO) portfolio is expected to produce significant positive returns during an extended recessionary-type equity market crisis, while maintaining purchasing power during more normal market environments. In this respect, the CRO portfolio is expected to enhance the long-term risk-adjusted performance of the Total Portfolio, by substantially mitigating significant drawdowns that the Total Portfolio might experience.

B. Investment Structure

1. The CRO allocation generally consists of investments in highly-liquid portfolios that are meant to capture key risk premia that should prove largely beneficial during an equity-related market crisis. Along these lines, the underlying investments and strategies may utilize both long positions and short-selling positions to capture the desired return patterns/behavior.
2. The CRO portfolio is composed of three major subcomponents.
  - a. Long U.S. Treasury Duration
    - i. U.S. Treasuries represent the leading "flight-to-quality" investment since they are backed by the U.S. Government. The U.S. Dollar (the base



- denomination of U.S. Treasuries) is also considered the world's highest-quality reserve currency.
- ii. Exposure to U.S. Treasury Duration can take place via cash markets (i.e., actual bonds) or the futures markets (virtual bond proxies).
- b. Systematic Trend Following
    - i. Long-short portfolios utilizing derivatives-based instruments to capture both periodic appreciation and periodic depreciation trends that evolve and dissipate across a very wide array of liquid global markets. Risk/volatility is calibrated to a pre-determined level derivatives-based leverage.
    - ii. Assets will be invested in highly liquid underlying securities (cash, futures, forwards, etc.), allowing for relatively rapid access for rebalancing and liquidity purposes.
    - iii. In order to appropriately calibrate the expected volatility of this component and the overall CRO class, significant levels of derivatives-based leverage may be applied. Effects of leverage are adjusted daily through market-based exchanges/facilities, ensuring appropriate and timely mark-to-market valuations.
  - c. Alternative Risk Premia
    - i. Long-short portfolios utilizing both cash and derivatives-based instruments to capture well-researched/documented non-market risk premiums (e.g., momentum, carry, value, low-volatility, etc.) on a continuous basis, utilizing an array of liquid global markets. Risk/volatility is calibrated to a pre-determined level utilizing cash and derivatives-based leverage.
    - ii. Assets will be invested in highly liquid underlying securities (cash, stocks, futures, forwards, etc.), allowing for relatively rapid access for rebalancing and liquidity purposes.
    - iii. Strategies should be designed to exhibit "market-neutral" outcomes, exhibiting lack of relationship with the major market-based risk premia (e.g., equity risk premia, duration risk premia).
3. Allocation to Subcomponents
    - a. Capital allocation ranges to the various subcomponents will be as follows:
      - i. 30%-40% - Long Duration
      - ii. 30%-40% - Systematic Trend Following (STF)
      - iii. 25%-35% - Alternative Risk Premia (ARP)
    - b. Assuming the capital weights above are consistently maintained, it is highly likely that the volatility associated with the Systematic Trend Following component will contribute the most to overall CRO class volatility over time.
  4. Fund account structures (versus separate accounts) will be emphasized in the STF and ARP subcomponents. Use of fund account structures will likely reduce the monitoring, accounting, and administrative burdens of these relatively unconstrained and dynamic strategies.
  5. Derivatives-based leverage will be utilized significantly across these strategies. Leveraged positions are typically adjusted on a daily basis to conform to pre-established guidelines (see below).



6. Implementation of the CRO portfolio will utilize both replication (passive) and active management where deemed appropriate and prudent within each subcomponent.

C. Risk Profile of CRO Class and its Subcomponents

- a. The aggregate CRO class has a total risk (standard deviation) range/budget set at a level to effectively counterbalance the volatility experienced in the SURS portfolio's major growth-oriented components:

- i. Lower risk level limit (annualized standard deviation): 8%
- ii. Upper risk level limit (annualized standard deviation): 15%

If the behavior of the CRO class causes its recent historical volatility to deviate significantly beyond these limits, then a rebalancing process and/or target volatility adjustment should occur among the CRO managers based on recent risk profiles of each manager/component as well as on prospective risk views for each manager/component.

2. The expected volatility ranges for the three components are shown below:

**Risk Budget Ranges – CRO Components (% of Net Asset Value)**

Component	Annualized Volatility Expectation
Long Duration Capture	12% - 20%
Systematic Trend Following	10% - 20%
Alternative Risk Premia	8% - 15%

While the expected volatility ranges for each subcomponent are high relative to the expected risk budget level of the aggregate CRO class, the diversifying aspects of each subcomponent (and its underlying manager(s)) will combine to reduce volatility at the aggregate class level.

D. Benchmarks

Benchmarks for the CRO portfolio are set forth in Appendix 5.

**Opportunity Fund Structure**

A. Role

The Opportunity Fund portfolio is designed to allow flexibility for opportunistic investment. Investments in the Opportunity Fund may be a one-time occurrence, such as investments capitalizing on a market dislocation. Successful investments that evolve into a more permanent opportunity may ultimately be transitioned into another Strategic Class with similar characteristics.

B. Investment Structure

The structure of the Opportunity Fund is not fixed and may vary considerably over time.

C. Benchmark



Benchmarks for the Opportunity Fund portfolio will be established and set forth in Appendix 5 prior to implementation.



## VII. Selection and Retention

### **Introduction**

The processes used for selection and hiring of Consultants, Managers and Custodians are set forth in the ***SURS Investment Procurement Policy***. In general, the criteria used to determine the minimum qualifications of firms to be selected for an assignment are shown below:

#### **Selection Criteria**

1. Registration with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940, or otherwise qualified under the Illinois Pension Code.
2. Experience of the firm in the management of institutional portfolios operated under prudent person standards, as well as related investment management experience.
3. Qualifications and/or depth of the professional Staff.
4. Soundness of the firm's investment philosophy and process.
5. The investment record of the firm and/or the firm's principals in former associations where that record is verifiable.
6. The adequacy of the firm's trading, back office, accounting and reporting, and client servicing capabilities.
7. Fees.
8. Sustainable Investing Principles, as discussed below.

**Sustainable Investing Principles:** In accordance with 40 ILCS 5/1-113.17, the Board will regularly consider material, relevant, and decision-useful sustainability factors, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. These factors shall be considered in addition to other material risk factors influencing investment decision making. The consideration of sustainability factors will be considered in monitoring SURS's proxy voting, and in the selection and ongoing monitoring of SURS's investment managers and mandates, and other service providers as appropriate.

Such factors include, but are not limited to: (1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors; (4) human capital factors; and (5) business model and innovation factors. Staff, in conjunction with the General Consultant and any Specialty Consultants, will perform periodic evaluations of these factors to ensure they are relevant to the investment portfolio and the evolving marketplace.

### **Investment Manager and Fund Monitoring**

Monitoring of investment managers and fund investments will take place as described in this section.



### **Marketable Securities Portfolios**

An evaluation of each Manager shall be conducted annually by the Staff and the Consultants. The evaluation shall be based on a number of factors, including, but not limited to, organizational and personnel issues and whether the Manager has complied with its Manager Guidelines and met performance objectives. Evaluation will include the results of periodic due diligence meetings and phone calls. Documenting the annual evaluation, Staff and Consultants shall issue Manager Evaluation Reports. Reports shall include a recommendation to: (i) retain the Manager; (ii) retain or change the Manager's funding allocation; or (iii) terminate the Manager (see Section VIII, 'Investment Manager Termination Guidelines.'

Between annual reviews, subject to Manager Termination Guidelines, the Staff or Consultants may recommend immediate Termination.

### **Closed-end Fund and Separate Account Evaluation**

Limited partnership interests in private Closed-end Funds and investments in private markets Separate Accounts (i.e., Private Equity, Real Estate, infrastructure, etc.) will be reviewed by Staff and Consultant annually. The evaluation shall be based on a number of factors, including, but not limited to, organizational and personnel issues and whether the Manager has complied with its Manager Guidelines and met performance objectives. Evaluation will include the results of periodic due diligence meetings and phone calls. Documenting the annual evaluation, Staff and Consultant(s) shall issue Manager Evaluation Reports. Reports will include a recommendation to: (i) retain the Manager; (ii) make follow-on investments or investments in subsequent Closed-end Funds or Separate Accounts, in accordance with the ***SURS Investment Procurement Policy***; or (iii) subject to legal review, pursue available exit strategies.

To the extent that significant concerns about a Closed-end Fund or Separate Account or material events arise in the interim, the Staff or Consultant shall communicate their concerns to the Investment Committee/Board and recommend available options, including exit strategies.



## **VIII. Investment Manager Termination Guidelines**

### **Introduction**

From time to time it will be necessary for the System to terminate a contractual relationship with a Manager. Pursuant to its fiduciary duties, the Board has established the following guidelines to assist in making these Termination decisions. In establishing these guidelines, it is the Board's intention to carry out these actions using objective evaluation, proper documentation and full disclosure. The overriding consideration with respect to all decisions is that they shall be made solely in the best interest of Members and consistent with all legal requirements.

### **Clearly Defined Objectives**

Any action to terminate a Manager should be based on one or more of the following primary criteria:

- Performance of the Manager has been unsatisfactory over a market cycle;
- Any other guideline is violated by a Manager and is not remediated to the satisfaction of the Board;
- Default under an Investment Management Agreement;
- Change in Asset Allocation, which reduces or eliminates the need for all existing Managers;
- or
- Failure to satisfy any other legal or Policy requirements.

Prior to a Termination decision, a thorough evaluation of the relevant criteria supporting such action shall be reviewed by the Board. Documentation regarding any such action shall include the reasons for such decision.

In the event that termination of a Manager is warranted under the Manager Termination Guidelines, and prompt termination of the Manager is necessary to protect and preserve System assets, SURS Staff may, with the prior approval of the Executive Director, terminate the Manager prior to Board action. The Board shall be promptly notified of the decision to terminate the Manager and the decision shall be presented to the Board for ratification at its next meeting.

Notwithstanding this provision, the Board retains the authority, in its sole discretion, to terminate any Manager for any reason, with or without notice, when it determines such action is in the best interests of the Members.

### **Investment Manager Transition**

In the event of the need to transfer the management of assets from one Manager to another, Staff will effect the change in as efficient and prudent a manner as possible. The use of Transition Manager(s), which could include the use of a Cash Overlay Manager or Rebalancing Manager, is permitted when deemed in the best interests of the System. Transition plans may include, but are not limited to, the following: a transfer of securities to an appropriate Passive Investment, crossing securities with other institutional investors, or a transfer of securities to another approved Manager.



## **IX. Performance Evaluation and Reporting**

### **Performance Evaluation**

#### **Marketable Securities Portfolios**

Rates of Return and Risk-Adjusted Returns, on a net-of-fees basis, shall be calculated quarterly by the Custodian or Consultants to measure the performance of each major Asset Class. Actual Trailing Period returns for fiscal year-to-date, one (1) year, three (3) year, five (5) year, ten (10) year periods will be compared to comparable returns for applicable Policy Portfolio indices.

Rates of Return, on a net-of-fees basis, shall also be calculated quarterly by the Custodian or Consultants to measure the performance of each individual Manager. Other measures may also be used, including Risk-Adjusted Returns, peer group performance, Risk Statistics and Performance Statistics.

#### **Private Markets Portfolios**

For Private Equity, Direct Real Estate and Infrastructure portfolios, Internal Rates of Return shall be calculated quarterly by the Custodian. These returns will be used to measure performance of the portfolios in comparison with Policy Portfolio indices and Benchmarks for Asset Classes and individual Managers. Returns are calculated quarterly in arrears. Other more tailored performance measures may also be used for absolute and peer group comparisons.

#### **Total Portfolio**

Actual returns for the total Portfolio are compared to returns on the Policy Portfolio. Returns are calculated quarterly by the Custodian.

#### **Style Analysis**

Staff and Consultants will periodically analyze Manager portfolios, as well as the aggregate Strategic Class and Component portfolios, to confirm that such portfolios conform to individual Manager style Benchmarks and aggregate Strategic Class and Component indices. Metrics such as Active Share will be used in this analysis. Significant deviations shall cause individual Managers to be considered for Termination.

### **Performance Reporting**

Performance reports shall be prepared by the Staff and/or Consultant quarterly and provided to the Investment Committee and Board at regularly scheduled meetings.

Consultants will analyze the system's performance and periodically provide the Board with a detailed report on the total Portfolio, Strategic Classes and individual Managers.

Annually, Staff and Consultants will prepare and present a comprehensive review of the fiscal year results.

#### **Market Values**

All assets in the Portfolio will be Marked-to-Market at least quarterly, to provide an estimate of the price at which they could be sold. Following is a description of this process.





### Marketable Securities

The Custodian provides price indications for stocks, bonds, warrants, futures, options, etc. traded on public exchanges.

### Private or Illiquid Securities

For private and illiquid securities, each individual Manager or Fund-of-Funds Manager has the responsibility for estimating and publishing the market value of these investments. The valuation and appraisal methods used should be consistent with current CFA Institute and industry standards.



## **X. Safeguard of Assets**

- Qualification of Service Providers

Any firm which SURS retains to manage, control or have custody of assets shall be and shall remain qualified by thorough on-going due diligence. Appropriate agreements with the firms and trust agreements shall minimize any risk of loss of assets or income.

- Asset Limits

There are cost and service advantages in firms managing or having custody of large pools of assets so that in the absence of any statutory provision(s) to the contrary, there shall be no specific limit on the size of assets controlled or held in custody by any one firm within the asset allocation guidelines. However, limits may be considered on an individual Manager basis and will reflect such issues as type of mandate, strength and stability of organization, risk characteristics, etc.

- Monitoring of Service Providers

There shall be continuous monitoring of firms which manage or have custody of assets to assure the firms continue to be stable and financially secure. Instability of any firm or financial weakness shall be reason to transfer custody and/or management of assets from the firm.

- Authorization to Transfer Funds

Transfer of funds between accounts must be evidenced in writing or conducted electronically by an authorized Staff member and be in compliance with the Custodial bank's procedures. The following positions have been designated by the Board to have the authority to give direction to the Custodian on any and all actions with respect to the Master Trustee relationship between the Board and the Custodian: Executive Director, CIO, and deputy CIO. The senior investment officers have been designated by the Board to have the limited authority to approve payments initiated through the Trade Order Entry System related to initial or subsequent investments in limited partnerships, real estate, infrastructure, or other investments approved by the Board.

- Insurance Requirements

Managers shall be required to secure and maintain, throughout the term of their Investment Management Agreements, insurance that (i) satisfies the requirements set forth below and (ii) is provided by insurer(s) rated A- or better by A.M. Best & Company. Specific insurance requirements are set forth in each Manager's Investment Management Agreement. Each Manager shall be required to provide to the Board: (i) evidence of the requisite insurance policies upon initiation of the contract; (ii) an annual certification that the insurance requirements continue to be satisfied; and (iii) evidence of continued satisfaction of the insurance requirements upon request. With the exception of the Manager Diversity Program, the minimum insurance required for each Manager shall include: (i) a bond protecting SURS assets that meets the requirements



of, and that is in the amount specified under, ERISA and the regulations thereunder; and (ii) errors and omissions coverage in an amount equal to the greater of: a) \$5 million or, b) 5% of the SURS assets under management, up to a maximum as established in the Investment Management Agreement, but not to exceed \$50 million. For Managers in the Manager Diversity Program, the minimum insurance required for each Manager shall include: (i) a bond protecting SURS assets that meets the requirements of, and that is in the amount specified under, ERISA and the regulations thereunder; and (ii) errors and omissions coverage in an amount not less than \$1 million of coverage. The insurance shall protect SURS against losses from the negligent acts, errors or omissions of the Manager.

- Custodial Credit Risk

Pursuant to the 40 ILCS 5/15-166, the Board has statutory authority to be the custodian of all cash and securities belonging to the System created under Article 15 of the Pension Code. Pursuant to 40 ILCS 5/15-167, the Board may deposit SURS trust funds with one or more banks, savings and loan associations, or trust companies. This policy addresses how SURS will handle custodial credit risk.

Credit risk is the risk that an issuer or other counter-party to an investment transaction will not fulfill its obligations. Custodial credit risk is the risk that, in the event of the failure of a financial institution or counter-party to a transaction, SURS would not be able to recover the value of deposits or investments in the possession of such party. To minimize this risk, SURS takes the following measures:

1. Performs due diligence on Custodians and advisors with which SURS will do business and appropriately documents business relationships with these service providers.
2. Provides investment parameters for the investment vehicles detailed in the specific Investment Management Agreements.
3. Monitors the financial condition of the Custodian. If there is cause for concern, the Board of Trustees will determine appropriate action.
4. Endeavors to have all investments held in custodial accounts through an agent, in the name of Custodian's nominee<sup>1</sup>, or in a corporate depository or federal book-entry system. For those deposits or investment assets held outside of the Custodian, SURS will follow applicable regulatory rules.
5. Requires the Custodian or its sub-Custodians will provide safekeeping of all SURS securities in segregated accounts that reflect the holdings of SURS; and the Custodian will not commingle SURS securities with the Custodian's own securities.

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<sup>1</sup>Registered owner of a stock or bond if different from the beneficial owner, who acts as holder of record for securities and other assets. Nominee ownership simplifies the registration and transfer of securities.



## **XI. General Investment Restrictions and/or Guidelines**

- Investment Authorization

No investment or action pursuant to an investment may be taken unless permitted by this Policy or by each Investment Manager's Guidelines. Exceptions may be made subject to prior review by, and express written authorization from, the Board.



## **XII. Corporate Governance**

### **A. Proxy Voting Guidelines**

The Board may retain a proxy voting service, pursuant to a contract with SURS, to vote the proxies of U.S. and non-U.S. shares according to the proxy voting service's proxy voting guidelines, as customized for SURS and approved by the Board. All proxy votes not specifically addressed by the proxy voting service's approved proxy voting guidelines, or if the Board determines not to retain a proxy voting service, will be voted on a case-by-case basis by Managers, subject to Staff review and consistent with the fiduciary responsibilities of the Board.

Guidelines will be reviewed annually by Staff in conjunction with the proxy service provider, and recommended changes to the guidelines will be presented to the Board for approval.

The SURS Public Pension Proxy Guidelines, SURS U.S. Proxy Guidelines, and the SURS International Proxy Voting Guidelines will be maintained on the SURS website.

### **B. Proxy Voting Reports**

The proxy voting service provider shall make regular reports of proxy votes cast on behalf of SURS and, on an ad hoc basis as requested by Staff or the Board, pursuant to the terms of the proxy voting contract with SURS.

### **C. Securities Litigation Policy**

#### **1) Identification Of Potential Claims**

- a) In order to weigh the costs and benefits of the various alternatives as specified below, Staff will identify potential claims by determining if it bought or sold the securities of a company during applicable periods.
- b) Staff will regularly match the SURS portfolios against reports of securities litigation cases obtained from Consultants, law firms engaged for securities litigation, and from other sources deemed reliable by Staff.
- c) If SURS did not buy or sell securities of a company during the applicable period, the inquiry will end. If SURS had purchases or sales during the period, evaluation of the potential claim will proceed as specified below.

#### **2) Evaluation Of Potential Claims**

- a) If SURS bought or sold securities during an applicable period, evaluation of the alternatives available will begin with an initial assessment of the size of the potential claim.
- b) When potential losses are deemed insignificant, further action will ordinarily be limited to monitoring as specified in Part 3 below to ensure that class member claims are filed if and when there is a right to do so, unless there are extenuating



circumstances that warrant further consideration by Staff and the Board.

- c) When potential losses are deemed significant, the alternative courses of action available shall be identified by the Staff. Alternatives will likely include several different courses of action, such as:
  - i) Monitoring the course of a class action suit and filing a claim at the end to participate in a class payment.
  - ii) After consultation with the Illinois Attorney General's office, monitoring the course of a class action suit, but objecting to a proposed settlement if there are reasons to object.
  - iii) After consultation with the Illinois Attorney General's office, seeking to control a class action by seeking designation as lead plaintiff, either singly or with others.
  - iv) After consultation with the Illinois Attorney General's office, opting out of a class action suit and filing a separate suit, either singly or with others.
- d) The relative merits of each alternative will be weighed and considered by Staff, as well as by the Illinois Attorney General's Office.
- e) Staff and the Illinois Attorney General's office will make a recommendation to the Executive Committee or to the Board of any course of action beyond participating in the litigation as a passive member of the class. The Executive Committee, or the Board, as applicable, will have the authority to approve any course of action beyond monitoring the case. If the Executive Committee, or the Board, approves active participation in the litigation, additional authorization is not necessary to align with other potential plaintiffs in application for named plaintiff status if such an action is agreed appropriate by the General Counsel and the Executive Director. Counsel will be selected by the Executive Committee or the Board, after consultation with the Illinois Attorney General's office.

### 3) **Monitoring**

- a) The Staff will utilize the services of the System's Custodian, as well as the services of any consultants, including Securities Litigation counsel, with expertise in this area chosen by the Board, to monitor pending cases which involve securities that SURS bought and sold during the relevant periods to evaluate any settlements proposed and to file claims as necessary for SURS to participate in distributions of funds. To the extent that Staff finds a proposed settlement inadequate to protect the interests of the System, the Executive Committee may authorize action to file legal objections. Authorization is not necessary for Staff to file an objection to attorneys' fees or expenses if an objection is agreed appropriate by the General Counsel and the Executive Director after consultation with the Illinois Attorney General's office.

### 4) **Legal Action**

- a) Where the Executive Committee or the Board has determined under Part 2 that the interests of the System will be best served by seeking designation as lead plaintiff, by opting out of a domestic class action to pursue a direct action or by opting into a foreign securities litigation matter, SURS, in consultation with the Illinois Attorney General's Office, will choose appropriate counsel and will



negotiate a fee agreement, if necessary, when the Attorney General's Office is unable to represent the System as its legal counsel in any such action. If the Executive Committee or the Board determines that appropriate counsel is a firm not on SURS' approved list, the recommendation of such firm shall be made to, and approved by, the Executive Committee or the Board.

- b) Where the Executive Committee and the Illinois Attorney General's office disagree as to the desirability of seeking designation as lead plaintiff or opting out of a class action, the Executive Committee shall act in accordance with its fiduciary obligations in making a final determination.
- c) Any legal action authorized or taken shall be reported to the Board, who shall also be provided periodic updates on the status of such actions.

**5) Approved Law Firms**

- a) The Board, or Staff at the Board's direction, will interview and select, through an RFP, a roster of no more than three qualified securities litigation firms. This roster will constitute SURS' "approved list."
- b) In cases where the initiation of litigation is a formality designed to provide support for another institutional investor, Staff may recommend that the most sensible and cost-effective source of legal representation will be the General Counsel or the legal counsel representing the institutional investor that SURS wishes to support.

**6) Authority to Settle Claims and Lawsuits**

- a) Staff has the authority to resolve securities related litigation claims with a settlement value of \$250,000.00 or less, with required approval from the Executive Director and General Counsel. This authority includes the ability to settle direct claims and class actions at or below the \$250,000.00 threshold. This authority also includes the ability to resolve said claims by selling them to third parties or by resolving them via auction with a minimum return/guarantee of at least 50% of the potential value of the underlying claim. If SURS wants to settle a direct securities litigation case at a settlement value exceeding \$250,000.00 or wants to settle a class action where SURS is the lead plaintiff, authority to settle must come from the SURS Executive Committee or the Board.



### **XIII. Emerging Investment Managers, MWDBE Managers and Minority-Owned Broker/Dealers**

SURS is committed to providing opportunities for Emerging Investment Managers and Minority Owned Broker/Dealers. SURS is also committed to providing ongoing opportunities for minority-, female-, and persons with a disability-owned (“MWDBE”) Managers that have advanced beyond the statutory definition of Emerging Investment Managers. In determining the status of a business enterprise, SURS will use the definitions found in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, 30 ILCS 575/2(A), (B).

The Illinois Pension Code, in 40 ILCS 5/1-109.1, encourages the Board to use Emerging Investment Managers in managing the System’s assets to the greatest extent feasible within the bounds of financial and fiduciary prudence, and to take affirmative steps to remove any barriers to the full participation of Emerging Investment Managers in investment opportunities afforded by the System. Furthermore, in accordance with the Illinois Pension Code, SURS encourages its Fund-of-Fund Managers to use Emerging Investment Managers as subcontractors when the opportunity arises.

#### **A. Goals for Utilization of Emerging Investment Managers and MWDBE Managers**

Beginning January 1, 2016, the Illinois Pension Code, in 40 ILCS 5/1-109.1, established aspirational goals of 20% for pension funds, with respect to assets under management by Emerging Investment Managers and the percentage number of MWDBE Managers.

In December of 2019, the Board (subject to its fiduciary responsibility) established goals for the percent of assets under management for MWDBE managers, Emerging Investment Managers as defined by Illinois statute, the percent of fees paid to MWDBE managers, and the percent of managers that are MWDBE. Furthermore, with the intent of having MWDBE Managers significantly represented in each broad Asset Class and not concentrated in any particular Asset Class, the Board has established additional goals for emerging managers in each asset class.

A summary of the Board’s goals is set forth in Appendix 6. These goals shall be reviewed annually.

#### **B. Goals for Utilization of Minority-Owned Broker/Dealers**

The Board has set minimum expectations for the use of qualified Broker/Dealers that meet the definition of a minority-owned business, female-owned business or a business owned by a person with a disability (“Minority-owned Broker/Dealer”) by the System’s Managers. Only trades executed directly with Minority-owned Broker/Dealers will be considered in the achievement of these goals.

Goals for Minority-owned Broker/Dealer Utilization have been established for the various public equity and fixed income classes as set forth in Appendix 7. SURS seeks to have its Managers consistently meet or exceed these goals, while achieving best execution.





In order to achieve the goals, minimum expectations have been established for individual Managers within a number of Sub-Asset Classes. Subject to best execution, SURS requires its Managers to meet the minimum expectations set forth in Appendix 7 for each rolling twelve (12) month period.

### **Reporting Guidelines**

Each Manager will submit a compliance report within 30 days after March 31, June 30, September 30, and December 31 of each year. Reporting will be monitored over a rolling twelve-month period.

### **Consequences of Non-Compliance**

Repeated failure to meet Minority-owned Broker/Dealer Utilization Goals will lead to the following:

- 1) Staff notification to the non-compliant Manager;
- 2) Staff examination of reasons for non-compliance;
- 3) Invitation to the non-compliance Manager to appear before Staff and/or the Board; and
- 4) Remediation plan acceptable to the Staff or recommendation to the Board to Terminate.

## **C. Manager Diversity Program**

### **Program Description**

SURS has implemented a Manager Diversity Program (“MDP”) to identify highly successful MWDBE firms. The process used for selection of investment managers is set forth in the ***SURS Investment Procurement Policy***. Manager Benchmarks are identified in the Manager Guidelines for each Manager in the program. Benchmarks for the MDP for each applicable Asset Class are the same as those set forth in the applicable Appendix. Managers in the MDP will be evaluated in the same manner as that set forth in Section VII (“Selection and Retention”). Termination decisions will follow the guidelines set forth in Section VIII (“Investment Manager Termination Guidelines”). An evaluation of each Manager shall be conducted annually.

## **D. Manager-of-Managers Program**

### **Program Description**

SURS utilizes a Manager-of-Managers program, overseen by SURS Staff. The program’s primary goal is to identify MWDBE Managers that will be initially awarded smaller allocations within the program. Staff may recommend, for the Board’s approval, one or more Manager-of-Managers to play an active role in identifying emerging MWDBE Managers and maintain an ongoing involvement in the evaluation and performance oversight of such Managers. Staff shall work with the Manager-of-Managers to identify, recruit, and monitor Managers in the program.



### **Graduation Program**

On an annual basis, SURS Staff and the Manager-of-Managers will identify one underlying Manager to be considered for a meaningful, direct allocation. The following factors are considered in determining when an underlying Manager should be awarded a larger allocation in the SURS Portfolio:

- Acceptable measure of performance over a three-to-five-year period;
- Stability in Manager's organization;
- Institutional quality infrastructure;
- Growth in Assets Under Management;
- Confidence in Manager's investment process; and
- Product Fit.

In addition to the factors mentioned above, the needs of the overall SURS investment program will be considered.

Notwithstanding this provision, the Board, in its sole discretion, may decide not to make any award in any given year, if it determines that such an allocation would not be in the best interests of the Members.

Beginning January 1, 2022, if an investment adviser acting in its capacity as an investment manager of a multimanager portfolio made up of emerging investment managers (an "EIM Manager") provides a written recommendation to SURS for its selection or appointment of an emerging investment manager, and such emerging investment manager has been providing investment services in such multimanager portfolio for at least 24 months, then the Board may select or appoint such emerging investment manager as a direct Manager for SURS. Any emerging investment manager appointed pursuant to the immediately preceding sentence shall be disclosed on the SURS website as an appointment per the exception provided in 40 ILCS 5/113.24 to the requirements of 40 ILCS 5/1-113.14 (and such disclosure shall include the name of the EIM Manager, a statement that the Board has authorized selection or appointment of such emerging investment manager as a Manager for SURS, and a brief explanation of the reason such emerging investment manager was selected or appointed as an exception to 40 ILCS 5/1-113.14).

Initially adopted December 8, 2006; Revised April 26, 2007; September 21, 2007; September 12, 2008; April 23, 2009; September 11, 2009; December 2, 2009; September 3, 2010; September 16, 2011; October 25, 2012; September 13, 2013; September 19, 2014; September 11, 2015; December 9, 2016; June 9, 2017; December 8, 2017; March 9, 2018; April 18, 2019; June 7, 2019; September 13, 2019; October 17, 2019; December 6, 2019; January 30, 2020; November 17, 2020; December 4, 2020; January 29, 2021; September 10, 2021; April 21, 2022.



## Exhibit I Glossary of Terms

**Active Management** means the style of fund management whereby Managers attempt to outperform a given Benchmark, after fees, through superior security or sector selection, market timing, technical modeling or other active technique.

**Active Share** means a measure of how the security holdings of a given portfolio differ from the holdings of an index or Benchmark.

**Alternative** means an investment in an Asset Class, other than public Equities, public Fixed Income and Cash.

**Annualized Alpha** means a measure of the relationship between a Fund performance and the performance of a Benchmark and equals the excess return where the Benchmark return is zero.

**Annualized Return** means the return realized over a period of time, expressed as a time-weighted annual percentage.

**Appropriation** means to set aside money for a specific purpose. A company or a government appropriates funds in order to delegate cash for the necessities of its business operations.

**Asset Allocation** means an investment portfolio technique that aims to balance risk and create diversification by dividing assets among major Asset Classes, such as Equities, Fixed Income, Cash and Alternatives.

**Asset Class** means a group of securities that exhibits similar characteristics, behaves similarly in the marketplace and is subject to the same laws and regulations. Major Asset Classes include Equities, Fixed Income, Cash and Alternatives.

**Asset Class Percentage** means, with respect to the Strategic Policy Target, Interim Policy Target or Policy Portfolio, the percentage that a given Asset Class represents of the total.

**Asset/Liability Position** means a measurement, as of a point in time, of the System's ability to meet its future obligations with available assets and future cash inflows.

**Asset/Liability Study** means an analysis of the System's available assets and future cash flow (including Appropriations) and its ability to meet current and future Member benefits and other System obligations.

**Assets Under Management** means the market value of assets that a Manager manages on behalf of investors.

**Assumed Rate of Return** means the Expected Rate of Return adopted by the Board as one of the actuarial assumptions used to determine the System's net pension liability in accordance with GASB Statement No. 67.

**Board** means the SURS Board of Trustees.



**Broker/Dealer** means a firm in the business of buying and selling securities that may act as either an agent or a principal in a transaction.

**Benchmark** means a standard against which the performance of a Manager can be measured and usually consists of a market index or market-segment index representative of a Manager's investment style.

**Beta** means a measure of volatility, or systematic risk, of a security or portfolio in comparison to the market as a whole.

**Calendar Year Returns** means trailing period returns ending on the last day of the calendar year.

**Cash Flow** means the net amount of cash moving into and out of an account or an entity.

**Cash Overlay Manager** means a Manager that is used to minimize an unintended cash position in a portfolio or to transition a portfolio in need of Rebalancing.

**Cash Overlay Services** means various financial techniques such as Futures and Options to achieve a given overlay strategy.

**Chief Investment Officer or CIO** means the executive position responsible for SURS' investment portfolio.

**Closed-end Fund** means an investment company that raises a fixed amount of capital, through an initial public offering, by issuing a fixed number of shares.

**Commingled Fund** means an institutional fund which invests in a portfolio of assets and is funded by pooling the investments of multiple investors.

**Commodity** means a basic good, most often used as an input into the production of other goods or services.

**Consultant** means any General Consultant or Special Consultant retained or employed by the Board to perform some or all of the roles set forth in Section IV.

**Core Fixed Income** means a Sub-Asset Class consisting of Traditional Fixed Income, Core Plus Fixed Income and Unconstrained Fixed Income securities.

**Core Plus Fixed Income** means a Sub-Asset Class consisting of Traditional Fixed Income securities plus other instruments such as high yield, global or emerging market debt and asset-backed securities.

**Core Real Estate** means a Sub-Asset Class consisting of real estate assets that are well located and well leased with strong quality tenants and which provide stable income with low volatility.



Core Plus Real Estate means a Sub-Asset Class consisting of real estate assets that are well located and may require re-tenanting, re-leasing and/or re-furbishment to increase income. Returns, leverage and volatility may be higher than Core Real Estate.

**Covariance of Returns** means the measure of the degree to which returns on two risky assets move in tandem, with positive covariance describing two asset returns that move together and negative covariance describing two asset returns that move inversely.

**Custodian** means an organization that meets the requirements set forth in Section IV.

**Defined Benefit Plan** means the SURS' Traditional Benefit Package and the Portable Benefit Package that provide retirement, disability, death and survivor benefits to eligible participants and annuitants.

**Defined Contribution Plan** means the SURS' Self-Managed Plan.

**Derivative** means a security or contract with a price that is dependent upon, or derived from, one or more underlying assets, financial indices, or other standards of measurement.

**Direct Real Estate** means a Sub-Asset Class consisting of both Core Real Estate and Non-core Real Estate.

**Down Capture Ratio** means the percentage of the market's Downside movement 'captured' or achieved by a Fund.

**Emerging Investment Manager** means, as defined by 40 ILCS 5/1-109.1(4), "a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a 'minority owned business', 'female owned business' or 'business owned by a person with a disability' as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act."

**Emerging Markets Debt or EMD** means a Sub-Asset Class consisting of Fixed Income securities of emerging market countries.

**Employee** means a person employed for wages or salary, especially at a nonexecutive level.

**Equity** means a stock or other security representing an ownership interest in an entity.

**Excess Return** means the difference between the Rate of Return on a Fund, Asset Class or the Portfolio and the Rate of Return of the applicable Benchmark, as applicable.

**Excess Risk-Adjusted Return** means the difference between the Risk-Adjusted Return on a Fund, Asset Class or the Portfolio and the Rate of Return of the applicable Benchmark.

**Executive Director** means the chief executive officer of SURS.

**Existing Service Provider** means a Service Provider that is currently under contract with SURS to provide a given investment related service.



**Expected Rate of Return** means a probability weighted estimate of a range of future rates of return.

**External Counsel** means a law firm that is engaged by SURS, from time to time, to provide legal services in connection with its investment activities.

**Farmland** means a Sub-Asset Class of real estate that consists of agricultural land and its related infrastructure.

**Fixed Income** means, as related to securities, an investment that provides a return in the form of a fixed periodic payment, with the eventual return of principal over time or at maturity.

**Fund** means a securities portfolio, that may take various legal forms and that is designed to meet various investor requirements.

**Fund-of-Funds** means a multi-manager investment, in which a single Manager manages a fund that invests in multiple underlying funds, each managed by a separate Manager.

**Fund-of-One** means an investment structure where an investor is the sole investor in a specific fund or vehicle.

**Future** means a legal agreement to buy or sell a Commodity or financial instrument at a predetermined price at a specified time in the future.

**General Consultant** means an investment advisor hired by the Board to provide a broad range of investment advice.

**General Counsel** means the chief legal officer of SURS.

**Hedged Strategies** means the range of Hedge Fund styles included in the Portfolio.

**Hedge Fund** means an Alternative investment designed either to generate above market returns (through Active Management) or more moderate returns (with a reduction in downside risk), while generating low correlation with other Asset Classes.

**Hedge Fund-of Funds** means a Fund-of-Fund structure with Hedge Funds as the underlying funds.

**Illinois Compiled Statutes** means the codified statutes of a general and permanent nature of Illinois. The compilation organizes the general Acts of Illinois into 67 chapters arranged within 9 major topic areas.

**Illinois Pension Code** means a Code that determines how pension funds in Illinois operate. The Pension Code also administers pension funds benefit plans.



**Information Ratio** means a measure of the degree to which a Fund has outperformed its Benchmark to the consistency by which the Fund has outperformed the Benchmark, defined as the Fund's Excess Return (relative to its Benchmark) divided by the Fund's Tracking Error.

**Infrastructure** means the physical structures, networks and other facilities that provide services essential to economic productivity, including transportation, communication, power (including renewables), midstream, utilities and social assets such as schools, hospitals and public buildings.

**Interim Policy Target** means the intermediate Target Allocation Percentages for each Asset Class, reflecting the necessity of a gradual shift of assets to the Strategic Policy Target, due to practical implementation considerations and Liquidity constraints.

**Investment Committee** means a committee consisting of all of the members of the Board and exercising the authority of the Board in the development of investment strategies and the review of prospective investments with the goal of supporting the System in prudent investment and expenditure of System assets.

**Investment Management Agreement** means the legal contract between SURS and a Manager, setting forth the duties and obligations of the parties with respect to the Manager's investment management engagement.

**Investment Manager Termination Guidelines** means those guidelines set forth in Section IX.

**Investment Risk Management Policy** means the policy set forth in Section VI.

**Liquidity** means the degree to which an asset or security can be quickly bought or sold in the market for cash, without affecting the asset's or security's price.

**Liquidity Premium** means a premium demanded by investors to invest in a security that is considered to be illiquid and not easily converted to cash without a loss in value.

**Long Only** means an investment style where assets represent only Long Positions.

**Long Position** means a holding of assets, whereby the value of such position will rise if the price of the security increases.

**Long/Short** means an investment style that allows for both Long Positions and Short Positions, where the value of 'short positions' rise when the price of the security falls.

**Marketable Securities** means securities that may be bought or sold, typically on a public exchange, and quickly converted to cash.

**Manager** means an external investment manager that manages a given portfolio of securities on behalf of SURS under an Investment Management Agreement and pursuant to Manager Guidelines.





**Manager Diversity Program or MDP** means a program to support Emerging Investment Managers in their early stages of development.

**Manager Evaluation Report** means a report documenting the annual evaluation of a Manager by the Consultant and Staff, including recommended action to the Board.

**Manager Guidelines** means a set of investment guidelines that governs a Manager's investment activities.

**Manager Termination Guidelines** means the set of guidelines set forth in Section IX of this Policy.

**Member** means an individual that is eligible under the Defined Benefit Plan to receive retirement, disability, death, or refund benefits as authorized under the Illinois Compiled Statutes.

**MWDBE** means a minority-owned business, a women-owned business or a business owned by a person with a disability as those terms are defined in the Business Enterprise for Minorities, Women and Persons with Disabilities Act.

**MWDBE Manager Utilization Goals** means those goals, as revised from time-to-time, set forth in Appendix 8.

**Minority-owned Broker/Dealer** means, in accordance with 40 ILCS 5/1-109.1, a qualified broker-dealer who meets the definition of 'minority owned business', 'women owned business', or 'business owned by a person with a disability', as those terms are defined in the Business Enterprise for Minorities Women, and Persons with Disabilities Act."

**Non-Core Real Estate** means a Sub-Asset Class consisting of real estate assets in need of re-tenanting, redevelopment or renovation, or is otherwise in some form of distress.

**Open-end Fund** means a Fund that does not have any restrictions on the amount of shares it can issue and that can issue and redeem shares at any time.

**Opportunity Fund** means an Asset Class consisting of investments that are opportunistic in nature and may or may not transition into a more permanent Asset Class.

**Option** means a contract between a buyer and a seller that gives the buyer the right, but not the obligation, to buy or sell a particular asset at a later date and at an agreed upon price.

**Passive Management** means a management style that attempts to replicate a market index or Benchmark.

**Performance Evaluation** means a measurement of a Manager, Asset Class or the total Portfolio versus various standards of performance.

**Performance Statistics** means analytical tools such as the Sharpe Ratio, Information Ratio, Annualized Alpha, Treynor Ratio, Sortino Ratio, Up Market Capture and Down Market Capture.





**Portfolio** means the investment portfolio of the Defined Benefit Plan.

**Portable Benefit Package** means one of two packages offered under SURS' Defined Benefit Plan that offers a more generous separation refund in exchange for a reduction in retirement and death benefits.

**Potential Consultant** means a Consultant that is being considered for selection by SURS.

**Potential Custodian** means a Custodian that is being considered for selection by SURS.

**Potential Manager** means a Manager that is being considered for selection by SURS.

**Potential Vendor** means a Vendor that has been previously vetted and/or approved.

**Potential Service Provider** means a Service Provider that is being considered for selection by SURS.

**Policy** means this Policy, as amended from time to time.

**Policy Portfolio** means a portfolio comprised of Asset Class Benchmarks, reflecting a passive implementation of SURS Strategic Policy Target, as amended from time to time.

**Private Equity** means equity investments in private companies, either directly or through buyouts of public companies that result in a delisting of public Equity.

**Qualified Fund-of-Fund Management Services** means, per 40 ILCS 5/113.15, either (i) the services of an investment adviser acting in its capacity as an investment manager of a Fund-of-Funds or (ii) an investment adviser acting in its capacity as an investment manager of a separate account that is invested on a side-by-side basis in a substantially identical manner to a Fund-of-Funds, in each case pursuant to qualified written agreements.

**Quarterly Investment Update** means a quarterly report generated by Staff and distributed to Members that summarizes investment results for the System.

**Quarterly Reporting Period** means a three-month period on a financial calendar that acts as a basis for the reporting of investment performance, earnings, the paying of dividends, etc.

**Rate of Return** means is a profit on an investment over a period of time, expressed as a proportion of the original investment.

**Real Assets** is an asset class consisting of equity or debt investments in land, buildings, infrastructure, and natural resources..

**Rebalancing** means the process of adjusting Asset Class Percentages to bring them back into alignment with Target Allocation Percentages.

**Rebalancing Manager** means a Manager that is used to facilitate a Rebalancing of the Portfolio.



**Request For Proposal or RFP** means a formal solicitation for a service or Service Provider, made through a competitive bidding process.

**Risk-Adjusted Return** means the Annualized Alpha for a Fund or Asset Class.

**Risk Statistics** means analytical tools such as Standard Deviation, Tracking Error, Beta, R-Squared and Active Share.

**R-Squared** means the percentage of a Fund's movements that can be explained by movement of the Benchmark.

**Securities Lending** means the temporary loan of a security from an institutional investor's portfolio to a broker/dealer or dealer bank to support that firm's trading activities. These trading activities include short selling, selling on margin or the satisfaction of some other type of transaction. Loaned securities are generally collateralized, reducing the lender's credit exposure to the borrower. Except for the right to vote proxies, the lender retains entitlement to all the benefits of owning the original securities, including the receipt of dividends and interest.

**Separate Account** means a privately managed investment account that is designed and managed specifically for an investor.

**Service Provider** means any Consultant, Manager, Custodian or Vendor.

**Sharpe Ratio** means a measure of a Fund's return or an Asset Class' return (Fund or Asset Class Rate of Return less the return of the risk-free rate) relative to its risk (Standard Deviation of the Fund or Asset Class).

**Short Position** means a sale of a borrowed security, whereby the value of such position will rise if the price of the security falls.

**Special Consultant** means an investment advisor hired by the Board to provide a limited range of services.

**Sortino Ratio** means a measure of a Fund's return or Asset Class' return (Fund or Asset Class Rate of Return less the return of the risk-free rate) relative to its downside risk (downside deviation of Fund or Asset Class).

**Staff** means the SURS investment staff.

**Standard Deviation** means a measure of the dispersion of a set of data from its mean, calculated as the square root of variance.

**State Universities Retirement System of Illinois or SURS or System** means the pension fund established for the benefit of the staff members and employees of the Illinois state universities, community colleges and certain other state educational and scientific agencies, and the survivors, dependents, and other beneficiaries of those employees.



**Strategic Plan** means SURS' process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy

**Strategic Objectives** mean the objectives listed in Section II, as amended from time to time.

**Strategic Policy Target** means the total of all approved Target Allocation Percentages.

**Sub-Asset Class** means a subset of an Asset Class that shares common characteristics with both the Asset Class and such subset.

**Swap** means a Derivative contract through which two parties exchange financial obligations.

**Target Allocation Percentage** means the target percentage of each major Asset Class in the Strategic Policy Target.

**Termination** means the cancellation of a contract and related obligations.

**Timberland** means a Sub Asset Class of Real Assets that consists of forestland and its related infrastructure.

**Tracking Error** means, with respect to a security investment, the Standard Deviation of the Excess Return.

**Trade Order Entry System** means a web-based program provided by the System's custodian, Northern Trust, to transfer cash from SURS to an external manager.

**Traditional Benefit Package** means one of two packages offered under SURS' Defined Benefit Plan that offers lifetime retirement benefits, but a limited separation refund.

**Traditional Fixed Income** means a Sub-Asset Class consisting generally of investment-grade, Fixed Income securities.

**Trailing Period** means the prior period (months, quarters, years) ending on the date being used for a given analysis.

**Transition Manager** means a Manager that helps transition a portfolio of securities necessitated by the change in a Manager's funding mandate, a Manager's termination or changes in Asset Allocation.

**Treasury Inflation Protected Securities or TIPS** means a Treasury security that is indexed to inflation.

**Treynor Ratio** means a measure of a Fund's return or an Asset Class' return (Fund or Asset Class Rate of Return less the return of the risk-free rate) relative to its risk (Beta of the Fund or Asset Class).

**Up Capture Ratio** means the percentage of the market's upside movement 'captured' or achieved by a Fund.



**Unconstrained Fixed Income** means a Sub-Asset Class consisting of Fixed Income securities that would tend to vary from those typically found in Core Fixed Income or Core Plus Fixed Income.

**Utilization Goals** means the percentage of the total Portfolio or volume of business activity that is to be represented by a specific subset of the Portfolio.

**Variance** means a measurement of the spread of a set of numbers from the mean of the data set.

**Vendor** means a supplier of goods or services.

**Volatility of Return** means a statistical measure of dispersion of returns for a given security, Asset Class or portfolio.

**Weighted Expected Rate of Return** means a probability weighted estimate of a range of future rates of return for a portfolio, with the estimate weighted by the component investments or Asset Classes of the portfolio.



## Appendix 1

### System Assumed Rates of Return

Valuation Date	Investment Return Assumption
Prior to June 30, 2010	8.50%
June 30, 2010 through June 30, 2013	7.75%
June 30, 2014 through June 30, 2017	7.25%
June 30, 2018 through June 30, 2020	6.75%
June 30, 2021 and after	6.50%



## Appendix 2

### Formal Board Review

<i><u>Formal Review Agenda Item</u></i>	<i><u>Formal Review Schedule</u></i>
Total Fund Performance	At least quarterly
Asset Allocation	At least annually
Investment Policy	At least annually
Manager Performance Evaluation	At least annually



### **Appendix 3**

#### **Managers' Roles and Responsibilities**

1. Selection, purchase and sale of specific securities or investments, within the parameters specified by Staff and Consultants and in adherence to this Policy;
2. Construction and management of investment portfolios that are consistent with their specific Manager Guidelines;
3. Providing performance reporting to the Staff at intervals specified by Staff and sufficient to meet the requirements set forth in Section X;
4. On an annual basis, providing Staff with proof of insurance coverage in an amount and type specified in their Investment Management Agreement;
5. On an annual basis, certifying in writing to Staff that they remain a fiduciary to the System and that they have been in compliance with the Manager Guidelines during the past year;
6. Utilizing investment strategies designed to ensure that all securities transactions are executed in such a manner that the total explicit and implicit costs and total proceeds in every transaction are the most favorable under the circumstances;
7. Complying with all applicable laws and regulations, including those of the State of Illinois and the United States of America including, without limitation, the provisions of Rule 206(4)5 under the Investment Advisers Act of 1940, as amended.



## Appendix 4

### Asset Allocation Policy Mix

	Strategic Policy Target as of 2/28/22		Long-Term Strategic Policy Target
<b><u>Broad Growth</u></b>	<b><u>68%</u></b>	<b><u>Broad Growth</u></b>	<b><u>68%</u></b>
<u>Traditional Growth</u>	38%	<u>Traditional Growth</u>	35%
US Equity		US Equity	
Non-US Equity		Non-US Equity	
Global Equity		Global Equity	
<u>Stabilized Growth</u>	17%	<u>Stabilized Growth</u>	17%
Core Real Assets**	4.5%	Core Real Assets**	8%
Options Strategies	2.5%	Options Strategies	2%
Liquid Credit***	9%	Liquid Credit***	2%
Private Credit	1%	Private Credit	5%
<u>Non-Traditional Growth</u>	13%	<u>Non-Traditional Growth</u>	16%
Private Equity	10.5%	Private Equity	11%
Non-Core Real Assets	2.5%	Non-Core Real Assets	5%
<b><u>Inflation Sensitive</u></b>	<b><u>5%</u></b>	<b><u>Inflation Sensitive</u></b>	<b><u>5%</u></b>
TIPS	5%	TIPS	5%
<b><u>Principal Protection</u></b>	<b><u>8%</u></b>	<b><u>Principal Protection</u></b>	<b><u>8%</u></b>
<b><u>CRO</u></b>	<b><u>19%</u></b>	<b><u>CRO</u></b>	<b><u>19%</u></b>
Long Duration	4%		4%
Trend Following	10%		10%
Alt. Risk Premia	5%		5%
Opportunity Fund	0%	Opportunity Fund	0%
<b><u>Total</u></b>	<b><u>100%</u></b>	<b><u>Total</u></b>	<b><u>100%</u></b>

\*\*Includes Real Assets and Infrastructure investments.

\*\*\*Public Credit will include EMD, HY, Loans, Invest. Grade, and other income-driven strategies.

1. No Open-end Fund may represent more than 30% of Core/Core-Plus Real Estate portfolio.

1. No Non-Core Real Estate Fund may represent more than 10% of the Non-Core Fund commitments.

2. No single manager may represent more than 40% of the combined Real Asset target allocation

4. Allocation to the Opportunity Fund class may not exceed 5%.





## Appendix 5

### Benchmarks

<b><i>ASSET CLASS POLICY MIX</i></b>	<b><i>BENCHMARK</i></b>	
<b><i>Total Broad Growth Aggregate</i></b>	Blend of Blends	
<b><i>Traditional Growth</i></b>	MSCI ACWI IMI	
<i>U.S. Equity</i>	Dow Jones U. S. Total Stock Market Index	
<i>Non-U.S. Equity</i>	MSCI ACWI Ex-US IMI	
<i>Global Equity</i>	MSCI ACWI IMI	
<b><i>Stabilized Growth</i></b>	Blend	
<i>Options Strategies</i>	Blend of two Benchmarks: Bench 1: 22.5% CBOE S&P 500 PutWrite / 22.5% CBOE S&P 500 BuyWrite / 2.5% Russell 2000 PutWrite / 2.5% Russell 2000 BuyWrite / 5% MSCI EM PutWrite / 5% MSCI EM BuyWrite / 20% MSCI EAFE PutWrite / 20% MSCI EAFE BuyWrite Bench 2: CBOE S&P 500 PutWrite	
<b><i>Total Public Credit</i></b>	25%IG+30%HY+30%EMD+15%BL Blend	Hedged
<i>Investment Grade</i>	BB Global Agg Corporate Index	Hedged
<i>High Yield</i>	ICE/BoA Global HY Constrained	Hedged
<i>Emerging Market Debt (EMD)</i>	50% JPM EM Bond Index - Global Diversified + 50% JPM Corp. EM Bond Index - Broad	Hedged
<i>Bank Loans</i>	S&P U.S. LSTA Leveraged Loan	Hedged
<b><i>Private Credit</i></b>	50% ICE/BofA Global HY Constrained +50% S&P LSTA Global Leveraged Loan + 1%	Hedged
<i>Real Assets</i>	Blend	
<i>Core/Core-Plus Real Estate</i>	NFI-ODCE Value Weight Net	
<i>Core/Core-Plus Infrastructure</i>	FTSE Developed Core Infrastructure 50/50 Index	
<b><i>Non-Traditional Growth</i></b>	Blend	
<i>Private Equity</i>	MSCI ACWI IMI+2.0% Secondary Benchmarks may include: peer group comparison, return multiple or public market equivalent comparisons.	
<i>Non-Core Real Estate</i>	NFI-ODCE Value Weight Net+1.5%	
<i>Farmland</i>	NCREIF Farmland Property Index	
<i>Timberland</i>	NCREIF Timberland Property Index	
<i>Non-Core Infrastructure</i>	Measured by stated strategy target	
<b><i>Principal Protection</i></b>	Bloomberg Barclays Intermediate Agg. Ex Credit	
<b><i>Total Inflation Sensitive</i></b>	Blend	
<i>TIPS</i>	Barclays Capital U.S. TIPS Index	
<b><i>Total Crisis Risk Offset</i></b>	35%LD+35%STF+30%ARP Blend	
<i>Long Duration</i>	BB Long Government Index	
<i>Systematic Trend Following</i>	CS Managed Futures (15%Vol)	
<i>Alternative Risk Premia</i>	90 Day Treasury Bills + 2.0%	
<b><i>Grand Total</i></b>	Policy Portfolio	



## Appendix 6

### SURS Utilization Goals for Emerging Investment Managers

<u><i>Asset Class</i></u>	<u><i>Goal for Minorities</i></u>	<u><i>Goal for Non-Minority Women</i></u>	<u><i>Goal for Persons with a Disability</i></u>	<u><i>Overall Goal</i></u>
Equities	16%	8%	1%	25%
Fixed Income *	16%	8%	1%	25%
Alternative Investments**	10%	9%	1%	20%
Total Fund	16%	8%	1%	25%

\* Includes allocations to Principal Protection, Credit, Tips, and Long Duration

\*\*Includes private markets, options, alternative risk premia, and trend following strategies

### SURS Utilization Goals for Minority Investment Managers

	<u><i>Minorities</i></u>	<u><i>Non-Minority Women</i></u>	<u><i>Persons with a Disability</i></u>	<u><i>Overall Goal</i></u>
Total Fund Goal	20%	14%	1%	35%

<u><i>Group</i></u>	<u><i>Goal</i></u>
MWDBE Manager Count	Not less than 35% of Managers
MWDBE Manager Fees	Not less than 25% of Total Fees



## Appendix 7

### Manager<sup>(1)</sup> Utilization Goals for Minority-owned Broker/Dealers

<u>ASSET CLASS</u>	<u>MINIMUM EXPECTATION</u>	<u>ELIGIBLE TRADE VOLUME</u>	<u>ELIGIBLE COMMISSIONS</u>
<b>Equity</b>			
U.S. Equity	35%		X (1)(2)
Non-U.S. Equity	25%		X (1)(2)(3)
Global Equity	22%		X (1)(2)(3)
<b>Fixed Income</b>			
Principal Protection, TIPS, and Long Duration	35%	X(1)(2)(3)	
Credit	5%	X(1)(2)(3)	

(1) Separate account managers.

(2) Exception for electronic trading.

(3) Exception for emerging markets, as defined by Morgan Stanley Capital International.

STATE UNIVERSITIES RETIREMENT SYSTEM

*Defined Contribution*  
***INVESTMENT POLICY***



Adopted by the Board of Trustees  
March 11, 2021

# Defined Contribution INVESTMENT POLICY

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## **I. Statement of Purpose of the Defined Contribution Plans**

The purpose of the State Universities Retirement System (SURS) Retirement Savings Plan (RSP) is to provide eligible employees with long-term accumulation of retirement savings in individual participant accounts through employee contributions and employer contributions as well as earnings. The purpose of the Deferred Compensation Plan (DCP) is to provide eligible employees with supplemental retirement savings in individual participant accounts through employee contributions, optional employer contributions and earnings.

## **II. Statement of Purpose of the Investment Policy**

The purpose of this statement is to establish the investment policy for the management of the assets of the RSP and DCP. SURS Board of Trustees may modify this statement, in whole or in part, at any time. The Board may provide supplemental guidelines for each investment option included in the plan.

It is the intention of the Board of Trustees that assets of the RSP and DCP shall be maintained in compliance with all applicable state and federal laws. Practices in this regard include, but are not limited to, the following:

- Investment alternatives shall be selected with the care, skill and diligence that would be applied by a prudent professional investor, acting in a like capacity and knowledgeable in the investment of retirement funds (Prudent Person Standard),
- All transactions undertaken on behalf of the RSP and DCP shall be for the sole interest of participants and beneficiaries (Exclusive Benefit), and
- Participants will be provided the opportunity to obtain sufficient information to make informed decisions with regard to the investment alternatives available under the RSP and DCP.

## **III. Specification of Responsibilities**

### **Board of Trustees**

The Board of Trustees is responsible for the selection, retention, monitoring, and termination of the investment options, including the default investment option(s), the recordkeeper of the RSP and DCP, and the external investment consultant and for establishing and maintaining the Defined Contribution Plan Investment Policy. The Board and/or the Investment Committee takes action after considering recommendations made by Staff or consultants.

Trustees shall carry out their functions solely in the interest of the members and benefit recipients and for the exclusive purpose of providing benefits and defraying reasonable expenses incurred in performing such duties, as required by law. The Trustees shall act in accordance with the provisions of State Statute and with the care, skill, prudence and diligence in light of the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims by

diversifying the available RSP and DCP investment options of SURS so as to minimize the risk of participant large losses, unless in light of such circumstances it is clearly prudent not to do so.

All members of the Board of Trustees shall be indemnified and held harmless by SURS for any reasonable cost or expenses incurred as a result of any actual or threatened litigation or administrative proceeding arising out of the performance of the Board member's duties in accordance with 40 ILCS 5/1-107. No member of the Board of Trustees may participate in deliberations or vote on any matter before the Board which will, or is likely to, result in direct, measurable gain to the Board member, to the Board member's immediate family members, or to that Board member's employer. Notwithstanding the foregoing, if a member of the Board of Trustees or such Board member's immediate family member is a participant in the RSP and/or DCP, the Board member would not be excluded from participating in deliberations or vote on any matter before the Board that would result in direct benefit to the Board member or the Board member's immediate family member solely by virtue of such person's participation in the RSP or DCP, provided that such person would benefit in a fashion equal to any other participant in the Plans.

### **Investment Committee**

The Investment Committee (the Committee) shall be comprised of all of the members of the Board, and shall be empowered to act as the Board with respect to the broad range of issues covered by this policy, including, but not limited to, the following:

- the selection, retention, monitoring, and termination of the investment options,
- the selection, retention, monitoring, and termination of the annuity providers,
- the selection, retention, monitoring, and termination of the recordkeeper, and
- the establishment and maintenance of the Defined Contribution Plan Investment Policy.

### **Executive Director**

The Executive Director, in connection with such person's duties regarding this investment policy, shall be responsible for the following, among other things:

- execution of agreements, amendments or other contracts with Board-approved providers, with a report provided to the Committee at the next regularly scheduled meeting,
- monitoring of the performance of approved investment options,
- communicating with the Board, its Officers and Committee Chair(s), and
- studying, recommending and implementing policy and operational procedures that will enhance the defined contribution program.

Employees of SURS shall be indemnified and held harmless by SURS for actions within the scope of their employment, pursuant to 40 ILCS 5/1-107 and 108. This indemnification extends to former employees for actions within the scope of their employment at the time of employment.

In fulfilling these investment responsibilities, the Executive Director relies heavily on the following internal staff and the consultant.



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### **RSP Manager and Benefits Staff**

The RSP Manager and benefits staff report directly to the Chief Benefits Officer (CBO) who in turn reports to the Executive Director. The CBO, RSP Manager and benefits staff are responsible for administration, education and communication related to the RSP and DCP.

Responsibilities delegated to the RSP Manager and benefits staff may include, but are not limited to, the following topics:

- oversight of the RSP and DCP,
- acting as a liaison between SURS and the recordkeeper,
- acting as a liaison between SURS and the annuity provider,
- completing daily administrative duties,
- recommending revisions to recordkeeper agreements with concurrence from the General Counsel required,
- providing plan education, communication and customer-service related functions, and
- conducting administrative due diligence.

### **General Counsel's Office**

The role of the General Counsel's office is to oversee internal and external legal services provided to SURS in connection with this investment policy and to ensure compliance with all applicable legal requirements.

### **Internal Investment Staff**

The internal Investment Staff reports directly to the Chief Investment Officer (CIO) who in turn reports to the Executive Director. The internal Investment Staff provides internal investment management and/or consulting services to the Board and Executive Director. In the course of the CIO's normal functions, the CIO will work directly with the Board, Investment Committee and its Chair(s). The frequency and content of reports to the Board are based on the requirements of the Defined Contribution Policy Statement as well as the directives from the Board and/or its Investment Committee.

The primary functions delegated by the Board to internal Investment Staff include, but are not limited to, the following topics:

- implementing the decisions of the Board regarding hiring and termination of the recordkeeper and investment options,
- oversight of the RSP and DCP investment programs, including conducting due diligence and providing recommendations in the selection and termination of the recordkeeper and investment options,
- providing technical advice in the selection and monitoring of the recordkeeper and investment options,
- recommending revisions to recordkeeper agreements with concurrence from the General Counsel required,
- reviewing and drafting recommendations to the Defined Contribution Investment Policy regularly,
- monitoring compliance with Board-approved policies for investment options,
- monitoring performance and asset allocation reports,





## Defined Contribution Investment Policy March 2021

- responding to inquiries from various parties concerning the RSP and DCP investment options in accordance with SURS communication policies,
- completing other administrative duties related to the RSP and DCP investment program, and
- serving as a liaison to the defined contribution community.

SURS Staff will collaborate, as necessary, with the process of providing recommendations in the selection of investment options and providers for, and monitoring and operations of, the Defined Contribution Plan. SURS Staff has the responsibility to implement the Board decisions through negotiation, execution and enforcement of the recordkeeper agreement. All recordkeeper agreements and amendments thereto must be executed by the Executive Director or the Executive Director's designee.

Staff also works closely with the consultant. Recommendations to the Investment Committee will generally be developed jointly by the Staff and the consultant with advice to the Chair(s).

### **External Investment Consultant(s)**

The Board shall generally have under contract an investment advisor who is a paid, professional consultant and who is qualified to provide the Board with investment advice by academic and professional training and experience and is considered an expert in the field of investment and finance. The consultant's relationship with the Board shall be that of a fiduciary under 40 ILCS 5/1-101.2.

The consultant is hired by and reports directly to the Board of Trustees. The consultant's duty is to work with the Board, Investment Committee and its Chair(s), and Staff in the management of the RSP and DCP investment process. This includes regular meetings with the Board to provide an independent perspective on the RSP's and DCP's goals, structure, performance, recordkeeper, and annuity provider. In the course of the consultant's normal functions, the consultant will work directly with the Staff to review performance and make recommendations to the Board as appropriate. The consultant will assist Staff and the Committee with recordkeeper, annuity provider, and investment option selection and discuss the impact of material changes taking place within any current provider's organization. The consultant may also provide fiduciary education to inform the Board and Staff regarding significant trends in the defined contribution industry.

### **Recordkeeper**

A recordkeeper will be selected to offer investment options recommended by SURS Staff and External Investment Consultant and approved by the Board of Trustees to fulfill the investment objectives of the RSP and DCP. The recordkeeper's responsibilities, as outlined in the contract for services, may include, but are not limited to, the following topics:

- ability to recordkeep a broad platform of possible investment options,
- maintaining and updating individual account balances as well as information regarding plan contributions, withdrawals and distributions,
- safekeeping of securities,
- settlement of trades,
- collection of income,

- reporting of investment results on a regular basis,
- administrative reporting, and
- providing information to participants regarding RSP and DCP investment options.

### **External Counsel**

External counsel may be retained to provide legal services in connection with the review and negotiation of agreements, where specialized experience is required or where General Counsel resources are unavailable.

### **Auditors and Consultants**

SURS may retain providers who conduct fiduciary or conflict-of-interest auditing and/or monitoring services where specialized experience is required to audit and/or monitor fiduciary duties, data confidentiality, cross-selling, prohibited transactions, and other activities where conflict-of-interest issues may arise regarding any provider that services the RSP and/or the DCP.

### **Participants**

Participants are responsible for the allocation of their assets among the investment options of the RSP and DCP. Participants and beneficiaries alone bear the risks and reap the rewards of investment results from the options and asset allocations that they select.

## **IV. Investment Objectives**

The objective of the Board of Trustees is to offer a sufficient range of investment options to allow participants to diversify their assets in the RSP and DCP and construct portfolios that reasonably span the risk/return spectrum. The overriding consideration with respect to all decisions is that they shall be made solely in the best interest of participants and beneficiaries. The RSP and DCP investment options will be selected to:

- Maximize return within reasonable and prudent levels of risk,
- Provide returns comparable to those of similar investment options,
- Provide exposure to a diversified range of investment opportunities in various asset classes,
- Provide cost-efficient investment options as measured by the expense ratio, and
- Provide lifetime income option(s) that would allow participants to qualify for retiree healthcare, if eligible.

## **V. Investment Option Selection**

The RSP and DCP investment options should allow participants to construct portfolios consistent with their unique individual circumstances, goals, time horizons and tolerance for risk. In that regard, the RSP and DCP programs may offer investment options including, but not limited to, each of the following categories:

- Lifetime Income
- Target Date Funds/Asset Allocation Funds



## Defined Contribution Investment Policy March 2021

- Stability of Principal
- Core and Diversifying Fixed Income
- U.S. Equity
- Non-U.S. Equity
- Global Equity
- Real Estate
- Environmental, Social, Governance (ESG Funds)

Within these categories, the types of options may include active or passive investment options, low- to high-risk options and specialized styles of investment management. The Committee may utilize mutual funds, collective investment funds, and/or various investment vehicles for the investment options. The Committee may also consider the use of custom investment options and/or white-label funds. Investment options may vary over time based on participant needs and options offered in the marketplace. The number of investment options available should be managed to provide sufficient choice without overwhelming members with too many options. SURS prohibits any form of payment from any provider or provider of investment products in consideration of its inclusion in the RSP or DCP.

### **Selection of Investment Option(s)**

In selecting investment options for the Plan(s), the Committee shall take into account some or all of the following criteria, as the Committee deems appropriate:

- Performance should be reasonable when compared to the median return for an appropriate, style-specific benchmark and/or peer group over a specified time period;
- Risk measures, including risk-adjusted return, should be reasonable when compared to the risk measures for an appropriate, style-specific benchmark and/or peer group over a specified time period;
- The investment option should demonstrate adherence to the stated investment objective; and
- Fees should be competitive compared to similar investments.

### **Selection of Target Date Funds**

Understanding that target date suites vary widely, the following steps may be used as general guidelines in the selection process:

- Consider what the primary objective is in relation to risk management - whether 1) minimizing equity market risk just before retirement is desired because of market volatility; 2) minimizing interest rate risk just before retirement associated with securing lifetime income; or 3) maximizing return is more important due to longevity risk.
- Consider participant demographics in order to help define overall risk tolerance. Factors that may be considered are average age of population, average age at which population retires, overall investment knowledge, current plan usage of target date, hybrid funds, or asset allocation suites, and participant behavior at retirement,
- Review asset class diversification,
- Review fees and expenses in comparison to averages and as related to overall plan cost, and

- Compare performance relative to other target date funds with similar objectives.

### **Selection of Fixed Interest/Stable Value Options**

In selecting any fixed interest/stable value option, the Committee may take into account some or all of the following criteria, as the Committee deems appropriate in its sole discretion (should the Committee choose to offer such an option):

- Financial strength ratings of the guarantor provided by the major ratings agencies,
- Interest rate history and minimum guaranteed contract rate,
- Contract liquidity provisions,
- Current and historical market to book value ratio (stable value funds only), and
- Comparison between fixed interest accounts (i.e., those backed by general assets) and stable value accounts (i.e., those backed by separate account).

### **Selection of the Default Investment Options**

The Committee is authorized to designate the RSP and DCP default investment options (i.e., the options into which contributions will be directed on behalf of participants who fail to make affirmative investment elections). In so doing, the Committee will apply the general selection and monitoring principles described in this investment policy.

## **VI. Investment Option Monitoring**

The investment options will be reviewed, net of all fees, and compared to reasonable benchmarks on a regular basis. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is necessary and ongoing.

A review of each investment option shall be conducted regularly. A review of any available fee reductions will also be conducted periodically. If the Staff or consultant have significant concerns about a provider, the Staff or consultant will communicate to the Investment Committee and a course of action may be determined and initiated. Unusual, notable or extraordinary events should be communicated by the provider immediately to the Staff, consultant and representatives of the Board of Trustees. Examples of such events may include portfolio manager or team departure, violation of investment guidelines, material litigation against the firm, or material changes in firm ownership structure, or announcements thereof.

If overall satisfaction with the investment option is acceptable, no action is required. If areas of dissatisfaction exist, the investment provider and the Board of Trustees may take steps to remedy the deficiency depending on the resulting area of underperformance. If over a reasonable period, the investment provider is unable to resolve the issue, termination may result.

### **Monitoring of the Investment Option(s)**

The Committee shall monitor the investment options as circumstances warrant. As part of its monitoring process, the Committee may consider the following:

Criteria	Measure	Goal(s)
Performance	<ul style="list-style-type: none"> <li>3-year record</li> <li>5-year record</li> </ul>	<ul style="list-style-type: none"> <li>reasonable vs. peer group and/or benchmark</li> </ul>
Risk	<ul style="list-style-type: none"> <li>3- or 5-year standard deviation</li> </ul>	<ul style="list-style-type: none"> <li>reasonable vs. peer group and/or benchmark</li> </ul>
Risk-adjusted performance	<ul style="list-style-type: none"> <li>3- or 5-year Sharpe ratio</li> </ul>	<ul style="list-style-type: none"> <li>reasonable vs. peer group and/or benchmark</li> </ul>
Expense ratios	<ul style="list-style-type: none"> <li>Total expenses</li> </ul>	<ul style="list-style-type: none"> <li>Consistent with peer group median</li> </ul>
Investment objective/style	<ul style="list-style-type: none"> <li>Style purity</li> </ul>	<ul style="list-style-type: none"> <li>Option should maintain reasonable correlation to appropriate benchmark as evidenced by R-squared</li> </ul>

The Committee may, from time to time as warranted, modify these criteria and goals, or may consider other criteria and goals, all within the Committee's sole discretion as it deems appropriate.

### **Monitoring of Target Date Funds**

The monitoring process may include, but is not limited to, the following steps:

- Review any significant changes (investment strategy, underlying assumptions or management changes) in the target date offering,
- Review the glide path to ensure the strategy chosen remains appropriate for participants and the manager is adhering to the investment process and performance objective,
- Review performance relative to custom benchmark, category averages, and other benchmarks,
- Review the underlying holdings of the target date offering, and
- Review qualitative factors (key personnel making asset allocation and investment decisions, manager's available resources and parent organization).

### **Monitoring of Fixed Interest/Stable Value Option**

The Committee shall monitor any fixed interest/stable value option as frequently as circumstances warrant. As part of its monitoring process, the Committee may take into account some or all of the following criteria, as the Committee deems appropriate in its sole discretion:

- Financial strength ratings of the guarantor provided by the major ratings agencies;
- Current interest rates;
- Interest rate history and minimum guaranteed contract rate;
- Contract liquidity provisions; and
- Current market to book value ratio (stable value funds only).

### **Monitoring of the Default Investment Options**

The Committee will apply the general monitoring principles described in this investment policy.

## **VII. Investment Option Termination**

An investment option/provider should be considered for termination when the Staff and Board of Trustees has lost confidence in the investment option's/provider's ability to:

- Achieve performance and risk objectives as outlined in the fund's prospectus,
- Comply with investment guidelines,
- Comply with reporting requirements, or
- Maintain a stable organization and retain key relevant investment professionals.

If the investment option/provider has consistently failed to adhere to one or more of the above conditions, it is reasonable to presume a lack of adherence going forward. Failure to remedy the circumstances of unsatisfactory performance by the investment option/provider, within a reasonable time, shall be grounds for termination.

Before deciding to remove or substitute an investment option, however, and in light of its fiduciary responsibilities, the Committee may consider the following:

- The investment option's long-term investment performance on a rolling basis;
- Recent changes, such as investment option restructurings or management changes designed to correct deficiencies;
- The appropriateness or relevance of an investment option's stated peer group, since funds may be misclassified or poorly classified;
- The investment option's adherence to a stated investment style, whether or not that investment style has been in or out of favor;
- Unusual market circumstances or volatility;
- Prospectus investment constraints, such as socially responsible mandates; and
- The degree to which the investment option has reduced or controlled risk, which might constrain the investment option's ability to outperform other options.

It is the Board's intention to assure all interested parties that decisions made in carrying out these actions occur in an environment of full disclosure characterized by objective evaluation practices and proper documentation. The overriding consideration with respect to all decisions is that they shall be made solely in the best interest of RSP and DCP participants and beneficiaries and consistent with other legal requirements.

Prior to the termination decision, the primary and other relevant considerations shall be identified and described. An evaluation covering the quantitative and qualitative issues to be considered may be developed for each case and the relative importance of each evaluation area may be determined. Documentation regarding any such action may include, but is not limited to, the following items:

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- A full description of the reason for the action, including the specific elements, serving as the basis for the evaluation and identification of the relevant issues from the perspective of SURS,
- The assumptions made in the evaluation, if any, and
- The results considered and/or qualitative issues upon which the action was based.

An investment option/provider to be terminated shall be removed using one of the following approaches:

1. Remove and replace (map assets) with an alternative investment option/provider.
2. Freeze the assets managed by the terminated investment option/provider and direct new assets to a replacement or current investment option/provider.
3. Remove the investment option/provider and do not provide a replacement investment option/provider.

Any change to the investment options or provider lineup will be communicated to RSP and DCP participants as soon as practical upon approval by the Board of Trustees.

## **VIII. Coordination with the Plan Document**

Notwithstanding the foregoing, if any term or condition of this investment policy conflicts with any term or condition in the plan document, the terms and conditions of the plan document shall control.

Initially adopted September 12, 2008; Revised April 23, 2009; September 11, 2009; September 3, 2010; September 16, 2011; October 25, 2012; September 13, 2013; September 19, 2014; September 11, 2015; December 9, 2016; January 30, 2020; March 11, 2021





## STATE UNIVERSITIES RETIREMENT SYSTEM

### Policy for Addressing the Board

The purpose of this policy is to establish guidelines for persons who desire to address the State Universities Retirement System (SURS) Board of Trustees (Board), as required by Section 2.06(g) of the Open Meetings Act [5 ILCS 120/1] and 80 Ill. Adm. Code Section 1600.120 (i).

1. A person seeking to address the Board must complete a “sign-in” informational sheet prior to addressing the Board.
  - A. The speaker must list his/her name and may include additional information including, but not limited to, his/her address, Member Identification Number (if appropriate), and telephone number to assist SURS in any necessary follow-up with the speaker.
2. Presentations must be limited to issues of concern before the Board, and shall not contain comments of a personal nature directed towards individual Board members, SURS employees or any other individual.
3. Persons appearing before the Board will each be allotted no more than five (5) minutes for the purpose of making their public comments. It is the Chair’s prerogative to extend the time allotted to any speaker, given the other matters on the Board’s agenda.
4. The Board, in its discretion, may accept written comments at its meetings.
5. Any person who does not comply with these guidelines will not be allowed to speak. Any person scheduled to address the Board who fails to abide by these guidelines while speaking to the Board may be escorted from the proceedings. These guidelines are subject to change without notice.





# **SURS Fraud Reporting Policy**

Adopted September 14, 2012

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**SURS Policies and Procedures**

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**SURS FRAUD REPORTING POLICY**

**The purpose** of this policy is to establish a State Universities Retirement System (SURS) framework for the reporting of any reasonable suspicion of a false statement or falsified record being submitted to, or permitted by, a person associated with SURS consistent with 40 ILCS 5/1-114 and 40 ILCS 5/1-135 of the Illinois Pension Code.

**The goals** of this policy are to:

- Make members and third parties that interact with SURS aware of the requirement that all written submissions to SURS must be accurate and complete, and of the potential consequences of a failure to meet this requirement; and
- Make employees aware of their obligations under Section 1-135 to immediately report any reasonable suspicion of a false statement or falsified record being submitted to SURS.

**Policy:**

It is the policy of SURS that all employees must report any “reasonable suspicion” of a false statement or falsified record being submitted to SURS, or being permitted by any person associated with SURS.

If any employee has a “reasonable suspicion” that he or she has been presented with a false statement or a falsified record, or has knowledge that another person associated with SURS has permitted SURS to accept a false statement or falsified record, that employee shall immediately report his or her reasonable suspicions, in writing, to the Executive Director or his designee.

The Executive Director shall investigate, or cause to be investigated, all reports of false statements or falsified records and, if the Executive Director concludes that specific and articulable facts, taken together with reasonable inferences from those facts, would lead a reasonable person to believe that a fraud has been, or will be committed, the Executive Director shall immediately report the matter, in writing, to the Board of Trustees.

If the Board of Trustees, or any member of the Board, concludes that a “reasonable suspicion” exists to believe that the reported matter may involve fraudulent activity, the Board or the Board member, as applicable, shall report the matter, or cause the Executive Director to report the matter, to the State’s Attorney of the jurisdiction where the alleged fraudulent activity occurred for investigation. The Board Chair shall be notified of any report made to the State’s Attorney office.

SURS employees shall cooperate with the State’s Attorney in any investigation of any reported instance of alleged fraudulent activity pursuant to this Policy.

Failure of an employee to comply with this Policy shall be grounds for discipline.

**Definitions:**

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**SURS Policies and Procedures**

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“reasonable suspicion” shall mean a belief, based upon specific and articulable facts, taken together with rational inferences from those facts, that would lead a reasonable person to believe that fraud has been, or will be, committed. A reasonable suspicion is more than a non-particularized suspicion. A mere inconsistency standing alone, does not give rise to a reasonable suspicion.



# **SURS iPad Usage Agreement**

Approved March 13, 2015

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## SURS IPAD USAGE AGREEMENT

### Section 1 Statement of Intent

The State Universities Retirement System (“SURS”) recognizes the increasing prevalence and importance of utilizing mobile computing devices in its day-to-day operations. As a pilot program initiative, SURS will issue Apple iPad tablet computers with Wi-Fi and cellular data connectivity (“the device”) to certain employees and trustees (“you”) to assess the viability of incorporating such devices in SURS business. **In order to receive and use the device, you must agree to the terms below. Violation of the terms of this policy and agreement may require return of the device and/or, in the case of employees, other disciplinary measures including termination of employment.**

### Section 2 Terms of Acceptable Use

The device is SURS property and is to be used for SURS business purposes. You must not download, transmit, store, or run –

- Any pornographic, criminal or other inappropriate materials contrary to the SURS mission or business objectives;
- Any unauthorized or illegally obtained proprietary information or copyrighted media;
- Any software that replaces or modifies the original manufacturer’s operating system or its core functions (also known as “jailbreaking”);
- Any materials related to activities that would be prohibited under the Illinois State Officials and Employees Ethics Act and other applicable laws;
- Any applications obtained from any source other than the Apple Appstore or other Apple-supported channels.
- Any confidential or personal information with respect to SURS operations or its members and beneficiaries unless required for SURS business; and
- Any materials related to any activities that would be a violation of other SURS policies.

### Section 3 Applications

In order to download iOS applications to the device, you will be required to setup and maintain a personal iTunes account with an Apple ID and password. You will be required to input your personal credit card information. SURS will reimburse you for any applications required for SURS business with necessary advance approvals. Applications must be downloaded from the Apple Appstore or provided through other official Apple channels. SURS may, in its discretion, require the installation of certain business-critical or security-related applications.

### Section 4 Connectivity

The device will have built-in Wi-Fi capabilities. The SURS IT Department will setup the iPad for access to the SURS internal Wi-Fi network. You will be granted access to the SURS

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## SURS Policies and Procedures

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internal network for access to email, calendar, contacts, and documents through the Microsoft Exchange ActiveSync protocol. Additional approvals may be required for remote desktop and printing functions via the SURS Virtual Private Network. The device will have 4G data connectivity capabilities through a cellular data provider. Although you may subscribe to a data plan at a provider of your choosing, SURS will not reimburse the cost of the subscription, unless otherwise deemed necessary by SURS management. Jailbroken devices will not be permitted access to the SURS internal network. Please contact the SURS IT Department to receive technical support for any connectivity issues.

### Section 5      Security

You must secure the device using a 4-digit PIN that requires re-entry after a maximum of 5 minutes of idle time. You must use a password for the Microsoft Exchange ActiveSync protocol (for SURS email, calendar, and contacts) that conforms to the following criteria:

- Minimum of 8 characters that include 3 of the 4 categories:
  - English uppercase characters (A through Z)
  - English lowercase characters (a through z)
  - Base 10 digits (0 through 9)
  - Special characters;
- Does not contain your User ID or your first or last name (not case-sensitive);
- Does not match the prior 12 passwords;

Shared user accounts are not permitted. The device may be remotely wiped by the SURS IT Department if the device is lost or stolen, you terminate your employment or trustee appointment, or a security breach, virus, malware, or similar threat to the integrity of SURS systems is detected. SURS reserves the right to disconnect or disable the device at any time without prior notification.

### Section 6      Additional Responsibilities

You must take reasonable precautions to prevent the mishandling, loss, theft, or misuse of the device. It is your responsibility to make backups of your data and applications to a local PC or Mac through the iTunes program. SURS will bear the cost of repairs and maintenance for normal wear and tear and accidental damage, unless the damage is due to negligence or unreasonable use. You must report any lost or stolen device to SURS and, if applicable, your data plan provider, within 24 hours of the loss or theft. You must return the device immediately upon SURS request or upon termination of your employment or trustee appointment. **You hereby acknowledge that use of the device will constitute a waiver of any expectation, claim or right to privacy or confidentiality regarding any use of, or data stored on the device *vis-a-vis* SURS. You hereby acknowledge that all records stored on the device shall be subject to FOIA searches and disclosure unless an exception applies. You will submit the device to any search for SURS records in response to a FOIA request.**

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**SURS Policies and Procedures**

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**Section 7      User Acknowledgement**

I hereby certify that I have read, understood, and will comply with this SURS iPad Usage Agreement. I understand that if I am a SURS trustee, then my signature below indicates an election to receive all Board agendas and materials in an electronic format until such election is revoked in writing.

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_





## SURS Procurement and Staffing Inclusion Policy



### Purpose

This policy outlines the State Universities Retirement Systems (SURS) goals for diversity in our senior staff, investment managers, fiduciaries and outside vendors.

### Philosophy

SURS is about people – the members we serve, the partners we conduct business with and our employees. We understand that to meet our members' needs, we must recognize the value of diversity in the

workplace and embrace our differences. That's what inclusion is all about. When people are accepted and feel valued for who they are, they are engaged, productive, creative and innovative.

That's why over the past years, SURS has done extensive work formulating what inclusion and diversity mean to us as an organization and have developed a long-term strategy that will enable us to bring our vision to life. In fiscal year 2020, SURS created the board of trustees Diversity Committee, initiated our first on-site Diverse Manager Week; and will hire a chief diversity officer to create further concrete strategies and best practices to recruit, hire and retain a diverse workforce and businesses owned by women, minorities and persons with a disability (MWDBE).

### Objectives

- Promote competitive utilization of businesses owned by minorities, females, and persons with a disability in SURS contracts, purchases and services in order to meet our set goals;
- Advance racial, ethnic, and gender diversity of SURS fiduciaries, including consultants and senior staff in order to meet our set goals;
- Create a culture of inclusion to ensure a strong, productive work environment; and
- Assure compliance with Illinois statutes

### Policy

SURS is responsible for the prudent administration of SURS members' trust fund. SURS strives to ensure that members and taxpayers receive the maximum value for each dollar spent. To this end, SURS recognizes that promoting diversity of fiduciaries and vendors provides an open, competitive and diverse business environment and allows us to draw from the wisdom of a workforce that reflects the population we serve and better meets the needs of our members.

SURS procurement and employment processes will further diversity in vendors and fiduciaries, including consultants and senior staff.

SURS employment processes to promote racial, ethnic and gender diversity of SURS fiduciaries, including senior staff must be developed to work in tandem with existing State University Civil Service System law when appropriate. To this end, SURS is committed to the ongoing efforts to seek job candidates from underrepresented groups, bring them into the organization, and offer additional growth/leadership opportunities with the intent of creating mutually beneficial long-term employment partnerships.

SURS procurement process includes a concerted effort to attract qualified minority, female owned business enterprises, and businesses owned by a person with disability (as defined by the Business Enterprise for Minorities, Females, and Persons with Disabilities Act: collectively, "MWDBE") to participate in the procurement process. SURS further commits to the objective evaluation of all qualified businesses regardless of race, gender or handicap in fair consideration of all suppliers and consultants in the acquisition of goods and services.

SURS stresses its goal of inclusion of MWDBE firms among prospective providers of purchased goods and services. Special efforts will be made to ensure identification of eligible firms for inclusion in the bid process, including monitoring of MWDBE-related listings to identify possible MWDBE contractors and service providers. MWDBE firms will be identified using resources such as the United States Small Business Administration, Illinois Central Management Services Business Enterprise Program and other public agency resources. SURS will seek new ways to expand our efforts to do business with MWDBE suppliers and consultants.

If necessary, SURS will take proactive action to ensure that certified minority-owned, women-owned and disabled-owned business enterprises are provided notice of and given the opportunity to demonstrate their ability to provide products and services at competitive prices. SURS staff who either directly or indirectly determine procurement needs or procurement decisions will seek and encourage MWDBE businesses to submit bids each time SURS publishes a request for bids or proposals.

SURS contracts require vendors to avoid unlawful discrimination in employment and to assure equality of employment opportunity and compliance with the Illinois Department of Human Rights' regulations concerning equal employment opportunities and affirmative action.

Pursuant to 40 ILCS 5/1-109.1 (10) SURS shall set an aspirational goal of no less than 20% utilization of businesses owned by minorities, females, and persons with disabilities of contracts awarded for "information technology," "accounting services," "insurance brokers," "architectural and engineering services" and "legal services."

SURS has set a goal of 25% for purchases from businesses owned by minorities, women, and persons with a disability as a share of all of its contracts and purchases. This information will be tracked by the chief financial officer and reported annually as required by Public Act 96-0006.

SURS has set a goal to promote diversity from the top down and the bottom up to ensure a culture of inclusivity. SURS will also recruit from a diverse, qualified pool of potential applicants to increase the racial, ethnic, and gender diversity of its senior staff. This information will be tracked by the director of human resources and reported annually as required by Public Act 96-0006.

(Aug. 2019)

**Illinois Freedom of Information Act**  
*Frequently Asked Questions*  
*By Public Bodies*

The Illinois Freedom of Information Act (FOIA) is designed to ensure that the public has access to information about their government and its decision-making process. As a public servant, you have a duty to ensure that Illinois residents can obtain information about their government.

In 2009, Attorney General Lisa Madigan worked with legislators and a diverse group of individuals and organizations to strengthen FOIA and hold government more accountable. On January 1, 2010, key changes to the Freedom of Information Act and the Open Meetings Act took effect to provide Illinois residents with a more open and accountable government. These Frequently Asked Questions describe the FOIA provisions that went into effect on January 1, 2010.

**WHO'S WHO UNDER FOIA**

**Public Access Counselor (PAC)** – is an attorney in the Attorney General's office whose responsibility is to ensure compliance with FOIA. The Public Access Counselor is part of the Public Access Bureau in the Attorney General's office, which includes several Assistant Attorneys General and professional support staff members working to respond to FOIA and Open Meetings Act issues raised by the public and government officials. Working under the direction and supervision of the Attorney General, the PAC has the authority to review requests for documents under FOIA and determine whether those documents should have been produced under FOIA. The PAC also has the authority to determine whether a public body has violated the Open Meetings Act. As part of this Public Access work, the Attorney General, through the PAC, has subpoena power, may issue advisory opinions to guide public bodies, may issue binding opinions in FOIA disputes and may sue to enforce binding opinions.

**Public Body** – is defined in FOIA as "all legislative, executive, administrative, or advisory bodies of the State, state universities and colleges, counties, townships, cities, villages, incorporated towns, school districts and all other municipal corporations, boards, bureaus, committees, or commissions of this State, any subsidiary bodies of any of the foregoing including but not limited to committees and subcommittees thereof and a School Finance Authority created under Article 1E of the School Code." FOIA provides that "[p]ublic body" does not include a child death review team or the Illinois Child Death Review Teams Executive Council established under the Child Death Review Team Act."

**FOIA Officer** – is a person appointed by the "public body." The FOIA officer's responsibility is to receive FOIA requests from the public and to send responses in compliance with FOIA. FOIA requires that each public body appoint one or more FOIA officers who must complete an electronic training developed by the Attorney General's

PAC. Training must be completed annually. The Attorney General's office has made the electronic training available to all FOIA officers.

**Public Records** – are defined in FOIA as “all records, reports, forms writings, letters, memoranda, books, papers, maps, photographs, microfilms, cards, tapes, recordings, electronic data processing records, electronic communications, recorded information and all other documentary materials pertaining to the transaction of public business, regardless of physical form or characteristics, having been prepared by or for, or having been or being used by, received by, in the possession of, or under the control of any public body.” A few examples of public records available under FOIA are: orders; rules; reports or studies; contracts; names, titles and salaries of public employees; and the voting records of public bodies. Information can be available in electronic as well as paper format.

## GENERAL INFORMATION

### **What is FOIA?**

The Freedom of Information Act (FOIA) is a state statute that provides the public the right to access government documents and records. The premise behind FOIA is that the public has a right to know what the government is doing. The law provides that a person can ask a public body for a copy of its records on a specific subject and the public body must provide those records, unless there is an exemption in the statute that protects those records from disclosure (for example: records containing information concerning trade secrets or personal privacy).

### **Who is subject to FOIA?**

Public bodies are subject to FOIA. The judiciary is not subject to FOIA, but court records and proceedings generally are open to the public.

### **Who can file a FOIA request?**

Anyone. Any person, group, association, corporation, firm, partnership or organization has the right to file a FOIA request to any state or local public body, including any city, township or county office.

### **Is every public body required to have a designated FOIA officer?**

Yes. Every public body must designate at least one person to act as the FOIA officer. Public bodies may have more than one FOIA officer. In addition, every public body must prominently display at its office and make available certain information, including the name(s) of its FOIA officer(s). The office also must display and make available:

- Information on how to submit a FOIA; and
- A brief description of the office, including its purpose, budget and number of employees.

Any public body that has a website must also post this information on its website.

**What are the consequences if a public body fails to designate a FOIA officer?**

FOIA requires that every public body designate a FOIA officer. Failure to do so is a violation of the Act and will be considered by the PAC, as well as courts, when a request for review or litigation is filed.

**RESPONDING TO FOIA REQUESTS****How many days does the public body have to respond to a FOIA request?**

5 business days from the day after the public body receives the request. However, that time period may be extended for an additional 5 business days from the date of the original due date if:

- The requested information is stored at a different location;
- The request requires the collection of a substantial number of documents;
- The request requires an extensive search;
- The requested records have not been located and require additional effort to find;
- The requested records need to be reviewed by staff who can determine whether they are exempt from FOIA;
- The requested records cannot be produced without unduly burdening the public body or interfering with its operations; or
- The request requires the public body to consult with another public body that has substantial interest in the subject matter of the request.

If additional time is needed, the public body must notify the requester in writing within 5 business days after the receipt of the request of the statutory reasons for the extension and when the requested information will be produced.

**What is a “business day” or “working day”?**

A “business day” or “working day” is a regular day of the week (Monday through Friday) when public offices and most businesses are open. Saturdays, Sundays and legal holidays are not business days and cannot be counted in the 5 business day time period.

**When does the 5 business day time period start?**

On the first business day *after* the public body receives the request. Day 1 of the 5-day timeline is the first business day *after* the request is received by the public body. The date that the request was received by the public body does *not* count as “Day 1.”

**Does the 5 business day response period begin the day after the FOIA officer’s receipt of the request, or the day after receipt of the request by *any* of the public body’s employees or officials?**

The 5 working day response timeline begins the day after any employee or official of the public body receives the request for information. Employees and officials of a public body must immediately forward all requests for information to the FOIA officer(s) to maximize the response time.

**When is a FOIA request *sent by e-mail* “received”? When it appears in the electronic mailbox or when it is opened by the recipient?**

If a FOIA request sent by e-mail appears in the recipient’s mailbox during normal working hours, it is received on that day. If it is e-mailed after business hours, including on a weekend or legal holiday, it is “received” on the following business day.

**If a public body’s office is closed for vacation (for instance, a public school is closed for winter break), are FOIAs submitted during that time considered received?**

Yes. FOIA does not have any exceptions for vacations or winter breaks, other than for Saturdays, Sundays and legal holidays.

**What are the consequences if the public body does not respond to the FOIA request within 5 business days (or 10 business days if extended)?**

Aside from the potential that a court ultimately could impose a civil penalty of between \$2,500 and \$5,000 per FOIA violation, public bodies have an additional incentive to respond within the time limits set forth. In the event a public body fails to respond within 5 business days (or 10 days if the extension was properly requested), it cannot charge for reproduction costs at a later time, or treat the request as unduly burdensome.

**Can a requester and a public body agree to extend the deadline to respond beyond 10 days?**

Yes, but the agreement must be in writing. The agreement will also relieve the public body of having to comply with other legal deadlines in FOIA.

**Can a public body require that a FOIA request be submitted on a certain form or in a certain format?**

No. Public bodies can require that FOIA requests be submitted in writing, but public bodies must accept requests by mail, personal delivery, fax, e-mail, or other means available. Public bodies may create a FOIA form that requesters may use for convenience, but public bodies cannot require that requesters use a specific form for the request. Public bodies may choose to accept oral FOIA requests but are not required to do so by the law.

**To whom should the requester submit a FOIA request?**

To a designated FOIA officer. Every public body must designate at least one FOIA officer and prominently display at its office certain information, including the name(s) of its FOIA officer(s).

**Does the public body have to identify the FOIA officer?**

Yes. Each public body must prominently display and make available upon request a directory designating the FOIA officer(s) for that body and the address where record requests should be sent. If the public body has a website, this information must also be posted on it.

**Does a public body still have the option of treating a request as “unduly burdensome” under the new FOIA?**

Yes. However, this treatment only applies in limited situations: (1) the request must be categorical in nature and incapable of being narrowed or reduced; and (2) the burden on the public body to produce the information must outweigh the public interest in the information. Before denying a request as unduly burdensome, the public body must give the requester an opportunity to reduce the request to manageable proportions.

**I have received a request that does not fit the “unduly burdensome” standard, yet cannot reasonably be completed within the maximum 10 working days’ response period. Does FOIA offer any options?**

Yes. The Act allows the public body and the requester to reach a written agreement to extend the time in which to respond to a request.

**I work for a public body that is being harassed by repeated FOIA requests from the same individual or entity. Does FOIA make any provisions for this?**

FOIA provides that repeated requests from the same person for the same records that are unchanged or identical to records previously provided or properly denied shall be deemed unduly burdensome and may be denied on that basis.

**What information must a public body withhold or redact under the Freedom of Information Act?**

Although there may be legitimate reasons to redact or withhold certain types of information, the only information that the Freedom of Information Act requires a public body to redact are the home addresses, home/private telephone numbers and social security numbers of employees noted on certified payroll records that are required to be submitted to a public body under the Prevailing Wage Act.

**I am the designated FOIA officer for a public body. Will I be held personally liable for any civil penalties that a court may impose in a FOIA lawsuit?**

No. Only the public body may be liable for civil penalties under FOIA. If a court finds that a *public body* willfully and intentionally failed to comply with the Act or otherwise acted in bad faith, the court shall impose a civil penalty upon the *public body*.

**Does a requester need to specifically and accurately describe the document he or she is looking for?**

No. The requester does not need to describe the document specifically and accurately by the same name the public body uses. As long as the public body understands what is being requested, it must release that information, even if the requested information is not called by the same name the public body uses.

**What information is a public body required to make available?**

Each FOIA officer for a public body must develop and make available upon request a list of documents that the public body will immediately provide to a requester. In addition, each public body must maintain a reasonably current list of all types or categories of records under its control and this list should be reasonably detailed so that it aids people

in obtaining access to public records. The public body must make this list available for inspection and copying.

**Can the public body ask why the requester wants the information?**

No, except to determine if the request is for commercial reasons or to determine if a fee waiver applies. *See below for more details on commercial requests.*

**Even though we cannot ask about the purpose of a request, can we assist the requester in narrowing their request so that they can get the information they are seeking?**

Yes. Public bodies are encouraged to work with a requester to clarify or narrow the scope of a request. A public body can ask “what” the requester is looking for in an attempt to ensure that responsive documents are produced. A public body cannot ask “why” the requester is seeking the documents.

**Can a request be made anonymously? For instance, e-mail requests are often submitted anonymously.**

Yes. A requester is not required to provide his or her name.

**Is a requester required to state that a request for public documents is being made pursuant to FOIA?**

No. If a request is made for public documents, the public body should treat it as a request pursuant to FOIA. A requester is not required to include the words “Freedom of Information Act” or the acronym “FOIA” in a request.

**FEES**

**Can the public body charge for copies?**

Yes, but the charges are limited. For black and white, letter or legal sized copies (8 ½ x 11 or 8 ½ x 14), the first 50 pages are free, and any additional pages can cost no more than 15 cents a page. For color copies or abnormal size copies, the public body can charge the actual cost of copying.

**Can a public body charge for electronic copies?**

Yes, but only for the actual cost of the recording medium. For example, if information is produced on CDs, the public body may only charge the actual cost of purchasing the CDs.

**Is it possible for a public body to waive the copying fees?**

Yes. Public bodies may waive or reduce copying fees at any time if disclosure is in the public interest. For example, a waiver or reduction may be available if:

- The request is for information on the health, safety and welfare or the legal rights of the general public;
- There is an intent to disseminate the information; or
- No personal or commercial benefit will be received from document disclosure.



**Can we pass a vendor copy fee on to a requester?**

Only in certain circumstances. FOIA limits the copying charge to \$.15 per page for black and white copies on regular size paper, after the first 50 pages, which are free to the requester. A public body may only charge the actual cost of reproduction for oversized or color copies.

**Can the public body require receipt of the payment from the requester before making the requested copies?**

Yes.

**GETTING INFORMATION IN AN ELECTRONIC FORMAT****Can the requester request the documents in electronic form?**

Yes, and the public body must provide the electronic documents in the requested format, if that is feasible for the public body. If that format is not available to the public body, it must provide the documents in the electronic format in which they are kept or in paper, at the option of the requester.

**If a public body must purchase a program to make certain information available in the electronic format requested by the requester, does the public body have to make that purchase?**

No. When a person requests a copy of a record maintained in an electronic format, the public body must provide it in the electronic format specified by the requester, if it is feasible for the public body to do so. If it is not feasible to furnish the public record in the specified electronic format, then the public body must furnish it in the format in which it is maintained by the public body, or in paper format, at the option of the requester.

**If the public body has a database and the requested information requires that the public body do a search of that database, does the public body have to conduct that search?**

Yes, and the public body cannot charge the requester for that search.

**Are e-mails subject to FOIA?**

Yes. All electronic communications (as long as they do not fall within an exemption) are subject to FOIA.

**LAW ENFORCEMENT FOIA REQUESTS****A police and/or incident report is prepared in connection with a domestic violence call that includes the name of the neighbor who called the police. Charges are not filed and subsequently the alleged abuser submits a FOIA request to obtain the documents that contain the complainant's information. Can that information be redacted?**

The police department may redact information that is exempt under Section 7(1)(d) of the Act. Section 7(1)(d)(iv) allows police departments to redact (or withhold) information

that unavoidably discloses the identity of persons who file complaints with the police. Section 7(1)(d)(vi) exempts information which, if disclosed, would endanger the life or physical safety of law enforcement personnel or any other person.

### CONSEQUENCES FOR NOT COMPLYING WITH FOIA

#### **What are the penalties for a public body for not complying with FOIA?**

In addition to the potential that a court ultimately could impose a civil penalty of between \$2,500 and \$5,000 per FOIA violation, if a public body does not respond within the time limits provided, it cannot subsequently charge for reproduction costs or treat the request as unduly burdensome.

### REQUESTER'S OPTIONS IF THE PUBLIC BODY FAILS TO RESPOND OR DENIES HIS/HER REQUEST

#### **What happens if the public body doesn't respond to a FOIA request?**

If the public body does not respond to a request within 5 business days of receiving it, that inaction is considered a denial of the request. If that occurs, a requester can either file a Request for Review with the Attorney General's Public Access Counselor or file a case in court.

#### **What must the public body include in a denial?**

The denial must be in writing and reference a specific legal reason under FOIA to justify the non-disclosure. A public body has the burden of proving by clear and convincing evidence that the information is exempt from disclosure. The denial also must inform the requester of the right to seek review of the issue by the Public Access Counselor in the Attorney General's office, with the PAC's contact information, as well as the right to seek judicial review by filing a court case.

#### **What can the requester do if the public body denies the request for information?**

The requester can file a Request for Review with the Attorney General's Public Access Counselor within 60 calendar days from when the alleged violation occurred.

Alternatively, the requester may file a civil action in the circuit court within two years after the alleged violation took place.

#### **What is a Request for Review to the Public Access Counselor?**

A Request for Review is a letter that a requester may submit to the PAC if he or she believes that the public body has not followed FOIA. This letter is a formal way of asking the PAC to take a look at the request and the public body's response (or lack of a response) and determine if a FOIA violation has occurred. The request must be in writing, be signed by the requester, and include a copy of the FOIA request and any responses from the public body. It must be submitted to the PAC within 60 calendar days of the public body's final response (or the date upon which the response was due).

**Is there a deadline for submitting a Request for Review?**

Yes. The requester must submit a Request for Review to the PAC within 60 calendar days after the date of the final denial from the public body (or the date upon which the response was due).

**How do I contact the Public Access Counselor's Office?**

The Public Access Counselor is a member of the Public Access Bureau in the Attorney General's Office. Here is her contact information:

Public Access Counselor  
Public Access Bureau  
500 S. 2nd Street  
Springfield, Illinois 62706

FOIA Hotline: 1-877-299-FOIA (1-877-299-3642)

**What happens if someone submits a Request for Review with the PAC and what are the responsibilities of the public body?**

The PAC will review all requests and will do one of three things:

1. Decide that no further action is necessary. If the PAC decides that the alleged violation is unfounded, the PAC will advise the requester and the public body of that decision. At this point, the public body does need to take any further action.
2. Request more information from the public body. If more information is needed to review the issue, the PAC may, within 7 working days after receipt of the Request for Review, send a copy of the Request to the public body and ask for any records the PAC needs to complete the review. At this point, the public body must submit the requested information to the PAC within 7 working days. Please note that the Attorney General's office has the authority to issue a subpoena for this information if the public body fails to respond fully to the PAC's request.
3. The PAC may also try to resolve the FOIA dispute through mediation or other informal means. The public body should work with the PAC and the requester to resolve the dispute.

**What kind of information can the PAC request from the public body as part of the analysis of the Request for Review?**

The PAC can request any information that is necessary to decide whether a FOIA violation has occurred. This includes obtaining copies of the information that the public body claims is exempt from FOIA disclosure. If the PAC obtains information or documents that are claimed to be exempt from disclosure, the PAC is prohibited from disclosing the information or documents.

### **When will the PAC issue a final decision?**

If the PAC decides to issue a binding opinion, the PAC will issue that opinion within 60 calendar days after receiving the Request for Review from the requester. The PAC may extend the 60-day time period by 30 working days by sending a written notice to the requester and the public body. This written notice must include the reasons for the extension.

### **What are the different possible outcomes of a Request for Review by the PAC?**

There are multiple ways the PAC may respond to a Request for Review:

- Work to resolve the FOIA dispute with the public body and the requester. (5 ILCS 140/9.5(f)) The PAC may choose to try to resolve the dispute through mediation or by means other than the issuance of a binding opinion. The PAC's decision to decline to issue a binding opinion is not reviewable.
- Review the issues in the FOIA dispute and determine that no further action is necessary. (5 ILCS 140/9.5(c)) If the PAC decides that the alleged violations of FOIA are unfounded, the PAC will advise the requester and the public body of that decision. The PAC will not conduct any further review.
- Issue a binding opinion. (5 ILCS 140/9.5(f)) The PAC will review any information needed to analyze the FOIA dispute between the requester and the public body and any additional information that the requester or the public body chose to provide. If the PAC decides to issue a binding opinion, the PAC must issue that opinion within 60 calendar days after receiving the Request for Review. If the opinion orders the public body to produce records, the public body may appeal the opinion to the circuit court. If the public body does not appeal the opinion and fails to disclose the records as ordered by the opinion, the Attorney General's office may sue the public body to enforce the opinion. If the opinion concludes that the records fall within a FOIA exemption and need not be disclosed, the requester may appeal the opinion to the circuit court.

### **Can a public body ask the Attorney General's PAC for advice regarding compliance with FOIA?**

Yes. A public body can ask the Attorney General's PAC to issue an advisory opinion regarding compliance with FOIA. (5 ILCS 140/9.5(h))

For example, if a public body expects to receive FOIA requests for a certain record or category of records that it maintains and is not certain if those records must be disclosed under FOIA, the public body can ask the PAC for an advisory opinion regarding whether the record(s) must be disclosed under FOIA or fall under a FOIA exemption. The Attorney General's PAC is not required by law to issue an advisory opinion in response to a request.

To ask for an advisory opinion from the Attorney General's PAC, the head of the public body or its attorney must send a written request to the PAC. The request must contain

sufficient accurate facts for the PAC to make a determination. The PAC may request additional information from the public body to assist in the review of the issue.

**What happens if the public body relies on an advisory opinion from the PAC in responding to a FOIA request but still ends up being sued by a requester?**

A public body that relies in good faith on an advisory opinion of the Attorney General's PAC in responding to a request is not liable for penalties under FOIA in a subsequent lawsuit, as long as the public body fully and fairly disclosed to the PAC the facts upon which the opinion is based.

**What's the difference between a requester filing a Request for Review with the PAC and filing a suit in court?**

If the PAC issues a binding opinion deciding a case, then that opinion carries significant weight. If the losing party decides to appeal it to court, the court must give deference to the PAC's opinion and can only overturn it if it is clearly erroneous. If the requester goes straight to court, the public body has the burden to show that its denial was correct through clear and convincing evidence. Also, if the requester goes to court and prevails against the public body, the requester shall recover reasonable attorney's fees and costs.

**EXEMPTIONS – RECORDS THAT ARE NOT PUBLIC**

**What is considered a “public record”?**

“Public records” are defined in FOIA as “all records, reports, forms, writings, letters, memoranda, books, papers, maps, photographs, microfilms, cards, tapes, recordings, electronic data processing records, electronic communications, recorded information and all other documentary materials pertaining to the transaction of public business, regardless of physical form or characteristics, having been prepared by or for, or having been or being used by, received by, in the possession of, or under the control of any public body.” (5 ILCS 140/2(c)) Given this broad definition, FOIA is intended to cover any document, regardless of form, that pertains to government business.

**Does “public record” include electronic information?**

Yes. FOIA defines public records to include electronic documents and communications. When a person requests a record that is maintained in an electronic format, the public body must provide it in the electronic format specified by the request, if that is feasible for the public body. If it is not feasible, the public body must present the information in the format in which it is maintained by the public body or in a paper format at the option of the requester. The public body may charge a fee for the actual cost of purchasing the recording medium, such as the CD, but may not charge a fee for its search for or review of the information.

**What kind of information is not public?**

The FOIA law has a presumption that all information is public, unless the public body proves otherwise. There are several exceptions to public disclosure that include but are not limited to:

- Private information, which is defined as “unique identifiers, including a person’s social security number, driver’s license number, employee identification number, biometric identifiers, personal financial information, passwords or other access codes, medical records, home or personal telephone numbers, and personal e-mail addresses.” Under FOIA, “private information also includes home addresses and personal license plate numbers, except as otherwise provided by law or when compiled without possibility of attribution to any person.”
- Personal information that, if disclosed, would constitute a clearly unwarranted invasion of personal privacy, unless the disclosure is consented to in writing by the person who is the subject of the information. Under FOIA, the “unwarranted invasion of personal privacy” means the “disclosure of information that is highly personal or objectionable to a reasonable person and in which the subject’s right to privacy outweighs any legitimate public interest in obtaining the information.” Disclosing information that relates to the public duties of public employees is not considered an invasion of personal privacy.
- Law enforcement records that, if disclosed, would interfere with a pending or reasonably contemplated proceeding or that would disclose the identity of a confidential source.
- Information that, if disclosed, might endanger anyone’s life or physical safety.
- Preliminary drafts or notes in which opinions are expressed or policies are formulated, unless the record is publicly cited and identified by the head of the public body.
- Business trade secrets or commercial or financial information that is proprietary, privileged or confidential and disclosure would cause a competitive harm to the person or business.
- Proposals and bids for any contract, until a final selection is made.
- Requests that are “unduly burdensome.” (See next question.)

#### **What does “unduly burdensome” mean?**

A FOIA exemption exists for requests that are unduly burdensome. A request may be considered unduly burdensome if there is no way to narrow the request, and the burden on the public body to produce the information outweighs the public interest in the information. However, before relying on this exemption, the public body must first give the requester an opportunity to reduce the request to a manageable size. If it is still unduly burdensome, the public body must explain in writing the reasons why the request is unduly burdensome and the extent to which compliance will burden the operations of the public body. Such a response is considered a denial.

#### **What is a “clearly unwarranted invasion of personal privacy”?**

FOIA contains an exemption for records that, if disclosed, would result in a “clearly unwarranted invasion of personal privacy.” An “unwarranted invasion of personal privacy” means the “disclosure of information that is highly personal or objectionable to a reasonable person and in which the subject’s right to privacy outweighs any legitimate public interest in obtaining the information.” Under FOIA, the disclosure of information that relates to the public duties of public employees is not considered an invasion of personal privacy.

## COMMERCIAL REQUESTS

### **What is a request for information made for a commercial purpose?**

A commercial request is when the requester seeks to use part or all of the public records for sale, resale, or solicitation or advertisement for sales or services. Requests by the news media, not-for-profit organizations, scientific or academic institutions are not considered commercial information requests.

### **Are commercial information requests treated differently?**

Yes. A public body has 21 business days to respond to a request for information that is made for a commercial purpose. The public body can either: (1) provide the requested records; (2) advise when the records will be provided and the costs; (3) deny the request (if it falls under an exception); or (4) advise the requester that the request is unduly burdensome.

### **Can the public entity charge fees for copies of the information?**

Yes, but the fees are limited. For traditional black and white, letter or legal sized copies (8 ½ x 11 or 8 ½ x 14), the first 50 pages are free, and any additional pages can cost no more than 15 cents a page. For color copies or abnormal size copies, the public body can charge the actual cost of copying.

## REDACTIONS

### **Can a public body remove or black out information from produced documents?**

Yes, if a record contains information that is exempt from disclosure under FOIA, a public body can remove or black out that exempt information from the public records. This is called "redaction." But the public body must produce the remaining information.

**Is there any information that a public body MUST withhold or redact?** Although there may be legitimate reasons to redact or withhold certain types of information, the only information that the Freedom of Information Act requires a public body to redact are the home addresses, home/private telephone numbers and social security numbers of employees noted on certified payroll records that are required to be submitted to a public body under the Prevailing Wage Act.

## OTHER FOIA QUESTIONS

### **Does a request for a copy of an ordinance require a FOIA request?**

No. Ordinances are public documents that should be immediately available to the public without a FOIA request.

### **Can a public body allow you to inspect but not copy public documents?**

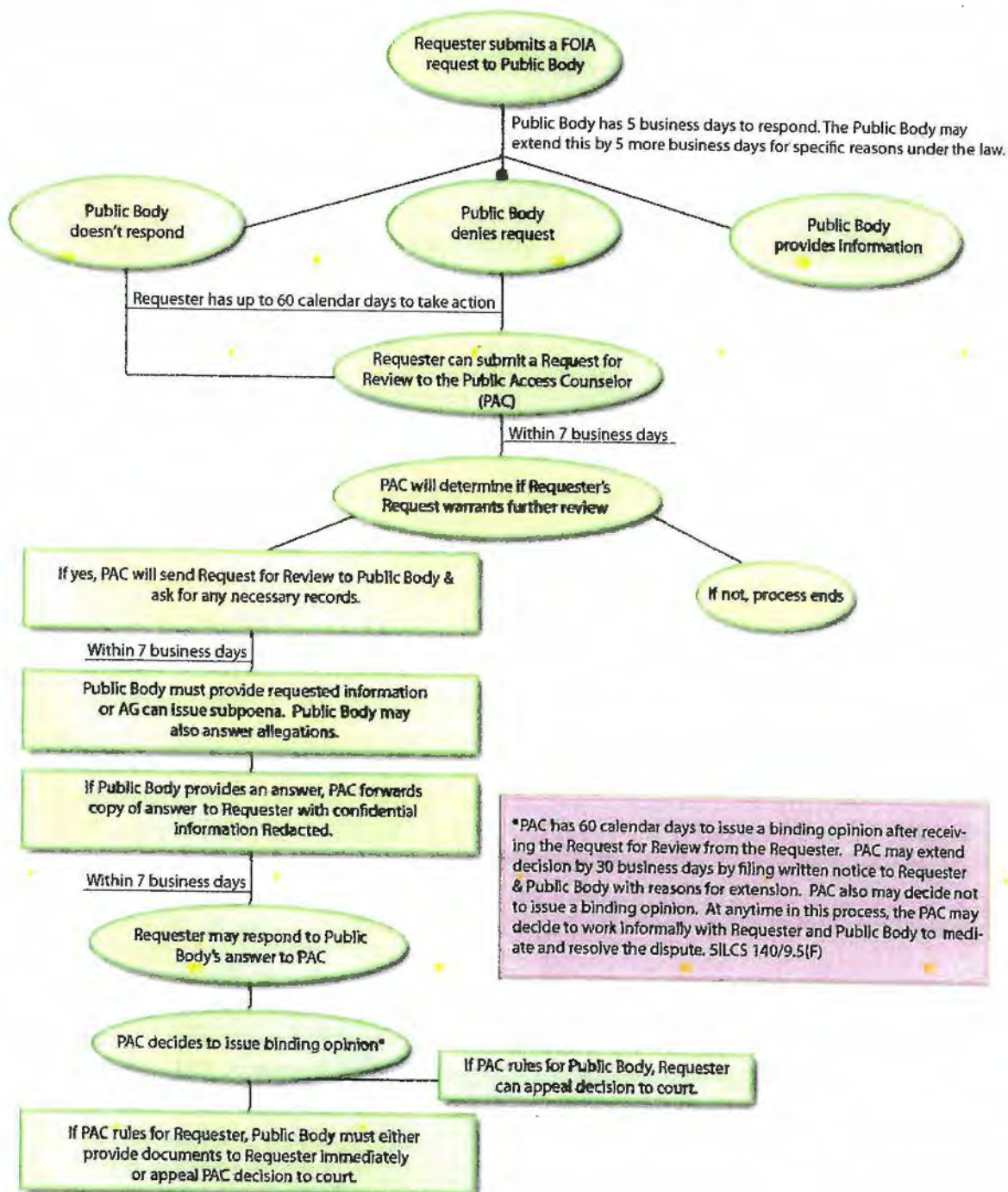
No. They must allow you to inspect and obtain copies of public documents.

**Can a public body draft its own policies to define FOIA compliance? For example, can a public body require a FOIA response within 3 working days, instead of 5 working days?**

Yes. A public body may adopt its own policies and procedures to govern its implementation of FOIA as long as they are consistent with and do not conflict with FOIA. FOIA constitutes the minimum requirements for public disclosure and does not preclude a public body from adopting more strict standards.



### PAC Request For Review Process Under FOIA



**Illinois Freedom of Information Act**  
*Frequently Asked Questions*  
*By the Public*

The Illinois Freedom of Information Act (FOIA) is designed to ensure that Illinois residents can obtain information about their government. In 2009, Attorney General Lisa Madigan worked with legislators and a diverse group of individuals and organizations to strengthen FOIA and hold government more accountable. On January 1, 2010, key changes to the Freedom of Information Act took effect to provide Illinois residents with a more open and accountable government. These Frequently Asked Questions describe the FOIA provisions that went into effect on January 1, 2010.

**WHO'S WHO UNDER FOIA**

**Public Access Counselor (PAC)** – is an attorney in the Attorney General's office whose responsibility is to ensure compliance with FOIA. The Public Access Counselor is part of the Public Access Bureau in the Attorney General's office, which includes several Assistant Attorneys General and professional support staff members working to respond to FOIA and Open Meetings Act issues raised by the public and government officials. Working under the direction and supervision of the Attorney General, the PAC has the authority to review requests for documents under FOIA and determine whether those documents should have been produced under FOIA. The PAC also has the authority to determine whether a public body has violated the Open Meetings Act. As part of this public access work, the Attorney General has subpoena power, may issue advisory opinions to guide public bodies, may issue binding opinions in FOIA disputes and may sue to enforce binding opinions.

**Public Body** – is defined in FOIA as “all legislative, executive, administrative, or advisory bodies of the State, state universities and colleges, counties, townships, cities, villages, incorporated towns, school districts and all other municipal corporations, boards, bureaus, committees, or commissions of this State, any subsidiary bodies of any of the foregoing including but not limited to committees and subcommittees thereof and a School Finance Authority created under Article 1E of the School Code.” FOIA provides that a “[p]ublic body” does not include a child death review team or the Illinois Child Death Review Teams Executive Council established under the Child Death Review Team Act.”

**FOIA Officer** – is a person appointed by the “public body.” The FOIA officer's responsibility is to receive FOIA requests from the public and to send responses in compliance with FOIA. FOIA requires that each public body appoint one or more FOIA officers who must complete an electronic training developed by the Attorney General's PAC. Training must be completed annually. The Attorney General's office has made the electronic training available to all FOIA officers.

**Public Records** – are defined in FOIA as “all records, reports, forms, writings, letters, memoranda, books, papers, maps, photographs, microfilms, cards, tapes, recordings,

electronic data processing records, electronic communications, recorded information and all other documentary materials pertaining to the transaction of public business, regardless of physical form or characteristics, having been prepared by or for, or having been or being used by, received by, in the possession of, or under the control of any public body.” A few examples of public records available under FOIA are: orders; rules; reports or studies; contracts; names, titles and salaries of public employees; and the voting records of public bodies. Information can be available in electronic as well as paper format.

## GENERAL INFORMATION

### **What is FOIA?**

The Freedom of Information Act (FOIA) is a state statute that provides the public the right to access government documents and records. The premise behind FOIA is that the public has a right to know what the government is doing. The law provides that a person can ask a public body for a copy of its records on a specific subject and the public body must provide those records, unless there is an exemption in the statute that protects those records from disclosure (for example: records containing information concerning trade secrets or personal privacy).

### **Who is subject to FOIA?**

Public bodies are subject to FOIA. The judiciary is not subject to FOIA, but court records and proceedings generally are open to the public.

### **Who can file a FOIA request?**

Anyone. Any person, group, association, corporation, firm, partnership or organization has the right to file a FOIA request to any state or local public body, including any city, township or county office.

## HOW TO MAKE A FOIA REQUEST

### **I need information from a public body but I am not quite sure where to start or what to request. What can I do?**

If you would like to obtain information from a public body, you should begin by writing down a list of the information you are seeking. Then prepare a letter to that public body's office. If you are not sure to whom to address the letter, contact the public body's main office and request the contact information for the FOIA officer.

Your letter should include your name, your address, the date and a daytime phone number so that the public body can contact you if they have any questions. Describe the information you are seeking with sufficient detail so that the public body can find the requested records. Providing as much information as possible in your request on the subject matter may expedite the public body's search process.

You do not need to describe the document specifically and accurately by the same name the public body uses. As long as the public body understands what is being requested,

they must release that information, even if the requester does not call it by the same name the public body uses.

Public bodies cannot require that the public submit FOIA requests on a specific form or in a specific format. Public bodies, however, can require that FOIA requests be submitted in writing. Public bodies must accept requests by mail, personal delivery, fax, e-mail, or other means available to the public body. Public bodies may accept oral FOIA requests but are not required to do so.

Additionally, each public body must develop and make available upon request a list of documents that the public body will immediately provide to a requester. Each public body also must maintain a reasonably current list of all types or categories of records under its control, and the list should be reasonably detailed in order to aid persons in obtaining access to public records. This list must be available for inspection and copying.

### **What should I include in the FOIA request?**

On your written request, include your name, address, the date and a daytime phone number so that the public body can contact you if they have any questions. Provide as much information as possible on the subject matter. This will help expedite the search process.

### **Can a public body require that a FOIA request must be submitted on a certain form or in a certain format?**

No. Public bodies can require that FOIA requests be submitted in writing, but they must accept requests by mail, personal delivery, fax, e-mail, or other means available. While public bodies may offer a form for FOIA requests, they cannot require that you use a specific form to make your request. Public bodies may accept oral FOIA requests but are not required to do so.

### **To whom do I submit a FOIA request?**

FOIA requests should be submitted to the public body's designated FOIA officer. Every public body must prominently display at its office and make available certain information, including the name(s) of its FOIA officer(s). In addition, the public body must display and make available:

- Information on how to submit a FOIA; and
- A brief description of the office, including its purpose, budget and number of employees.

Any public body that has a website must also post this information on that website.

### **How do I know who within a public body should receive my FOIA request?**

Each public body must prominently display and make available upon request a directory designating the FOIA officer(s) for that body and the address where FOIA requests should be sent. This information must also be posted on the public body's website, if it has one.

**What if I don't use the same name for a document that the public body uses? Can the public body deny my request for that reason?**

No, the public body cannot deny the request just because you called the document by a different name. You do not need to describe the document specifically and accurately by the same name the public body uses. As long as the public body understands what you are requesting, they must release that information, even if you do not call it by the same name the public body uses.

**How many days does the public body have to respond to my FOIA request?**

A public body must respond to a FOIA request within 5 business days after the public body receives the request. Day 1 of the 5-day timeline is the first business day after the request is received by the public body. The date that the request was received by the public body does *not* count as "Day 1." That time period may be extended for an additional 5 business days from the date of the original due date if:

- The requested information is stored at a different location;
- The request requires the collection of a substantial number of documents;
- The request requires an extensive search;
- The requested records have not been located and require additional effort to find;
- The requested records need to be reviewed by staff who can determine whether they are exempt from FOIA;
- The requested records cannot be produced without unduly burdening the public body or interfering with its operations; or
- The request requires the public body to consult with another public body who has substantial interest in the subject matter of the request.

If additional time is needed, the public body must notify the requester in writing within 5 business days after the receipt of the request of the statutory reasons for the extension and when the requested information will be produced.

**When does the 5 business day time period start?**

On the first business day *after* the public body *receives* the request.

**What is a "business day" or "working day"?**

A "business day" or "working day" is a regular day of the week (Monday through Friday) when public offices and most businesses are open. Saturdays, Sundays and state holidays are not business days and cannot be counted in the 5 business day time period.

**What is the incentive for a public body to respond to my request within 5 business days (or 10 business days if extended)?**

Aside from the potential that a court ultimately could impose a civil penalty of between \$2,500 and \$5,000 per violation, public bodies have an additional incentive to respond within the time limits set forth. In the event a public body fails to respond within 5 business days, it cannot charge for reproduction costs at a later time or treat the request as unduly burdensome.

**Can I make an agreement with the public body to extend the deadline to respond?**

Yes, but the agreement must be in writing. The agreement will also relieve the public body of having to comply with other legal deadlines in FOIA.

**Can the public body ask me why I want the information?**

No, except to determine if the request is for commercial reasons. *See below for more details on commercial requests.*

**FEES****Can the public body charge for copies?**

Yes, but the fees are limited. For black and white, letter or legal sized copies (8 ½ x 11 or 8 ½ x 14), the first 50 pages are free, and any additional pages can cost no more than 15 cents a page. For color copies or abnormal size copies, the public body can charge the actual cost of copying.

**Can a public body charge for electronic copies?**

Yes, but only the actual cost of the recording medium. For example, if information is produced on CDs, the public body may only charge the actual cost of purchasing the CDs.

**Is it possible for a public body to waive the copying fees?**

Yes. Public bodies may waive or reduce copying fees if disclosure is in the public interest. A waiver or reduction may be available if:

- The request is for information on the health, safety and welfare or the legal rights of the general public;
- There is an intent to disseminate the information; or
- No personal or commercial benefit will be received from document disclosure.

**GETTING INFORMATION IN AN ELECTRONIC FORMAT****Can I request the documents in electronic form?**

Yes, and the public body must provide you those electronic documents in your requested format, if that is feasible for the public body. If that format is not available to the public body, they must provide the documents in the electronic format in which they are kept or in paper, at the option of the requester.

**If the public body has a database and the information I am seeking requires that the public body do a search of that database, does the public body have to conduct that search?**

Yes and the public body cannot charge you for that search.

**Are e-mails subject to FOIA?**

Yes. All electronic communications (as long as they do not fall within an exemption) are subject to FOIA.

## FOIA OFFICERS

### **What is a “FOIA officer”?**

A FOIA officer is a person appointed by the public body to ensure that the public body complies with FOIA. The FOIA officer’s responsibility is to receive FOIA requests from the public and to send responses in compliance with FOIA. FOIA requires that each public body appoint at least one FOIA officer and that the FOIA officer(s) complete an electronic training developed by the Attorney General’s PAC. Training must be completed annually.

### **Is every public body required to have a designated FOIA officer?**

Yes. Every public body must prominently display at its office certain information, including the name(s) of its FOIA officer(s). In addition, the office must display:

- Information regarding how to submit a FOIA; and
- A brief description of the office, including its purpose, budget and number of employees.

Any public body that has a website must also post this information on its website.

### **If the public body does not display the FOIA officer’s information, what should I do?**

Contact the Attorney General’s Public Access Counselor at 877-299-3642. The public body must post the name(s) of the FOIA officer(s), along with information concerning how to make a FOIA request, at the office of the public body as well as on any websites maintained by the public body.

## WHAT TO DO IF THE PUBLIC BODY DOES NOT RESPOND

### **What can I do if the public body doesn’t respond to my FOIA request?**

If the public body does not respond to your request within 5 business days after receiving it, then their inaction is considered a denial of your request. If that occurs, you can either file a Request for Review with the Attorney General’s PAC or file a case in court.

## WHAT TO DO IF YOUR FOIA REQUEST IS DENIED

### **What must the public body include in a denial?**

The denial must be in writing, and reference a specific legal reason under FOIA to justify the non-disclosure. A public body has the burden of proving by clear and convincing evidence that the information is exempt from disclosure. The denial must also inform the requester of the right to seek review of the issue by the Public Access Counselor (PAC) in the Attorney General’s office, with the PAC’s contact information, as well as the right to seek judicial review by filing a court case.

### **What can I do if the public body denies my request for information?**

You can either file a Request for Review with the Attorney General’s PAC or file a lawsuit in court.



## *How to File a Request for Review with the Public Access Counselor (PAC)*

### **First, what is a Request for Review?**

A Request for Review is a letter that a requester may submit to the PAC if they believe that the public body has not followed FOIA. This letter is a formal way of asking the PAC to take a look at the request and the public body's response (or lack thereof) and determine if a FOIA violation has occurred. The request must be in writing, must be signed by the requester, and must include a copy of the FOIA request for access to records and any responses from the public body. It must be submitted within 60 calendar days of the public body's final response (or date upon which the response was due).

### **Is there a deadline for submitting a Request for Review?**

Yes. The requester must submit a Request for Review to the PAC within 60 calendar days after the date of the final denial from the public body (or the date upon which the response was due).

### **How do I contact the Public Access Counselor in the Attorney General's Office?**

The Public Access Counselor is a part of the Public Access Bureau in the Attorney General's Office. Here is her contact information:

Public Access Counselor  
Public Access Bureau  
500 S. 2nd Street  
Springfield, Illinois 62706

FOIA Hotline: 1-877-299-FOIA (1-877-299-3642)

### **What does the PAC do with my Request for Review?**

The PAC will review your request and will do one of three things:

1. Decide that no further action is necessary. If the PAC decides that the alleged violation is unfounded and no further action is necessary, the PAC will inform you and the public body of that decision.
2. Request more information from the public body. If more information is needed to review the issue, the PAC may, within 7 working days after receiving the Request for Review, send a copy of the Request to the public body and ask for any records the PAC needs to complete the review. The public body has 7 working days to provide the requested information. The Attorney General, through the PAC, has the authority to issue a subpoena if the public body fails to fully respond.
3. The PAC may also try to resolve your FOIA dispute with the public body through mediation or other informal efforts.

### **When will the PAC issue a final decision?**

If the PAC decides to issue a binding opinion, the PAC will issue that opinion within 60 calendar days after receiving the Request for Review from the Requester. The PAC may



extend the 60-day time period by 30 working days by sending a written notice to the requester and the public body. This written notice must include the reasons for the extension.

### **What are the different possible outcomes of a Request for Review by the PAC?**

There are multiple ways the PAC may respond to a Request for Review:

- Work to resolve your FOIA dispute with the public body. (5 ILCS 140/9.5(f))  
The PAC may choose to mediate the dispute or resolve the matter by means other than the issuance of a binding opinion. The PAC's decision to decline to issue a binding opinion is not reviewable.
- Review the issues in your FOIA dispute and determine that no further action is necessary. (5 ILCS 140/9.5(c)) If the PAC decides that the alleged violations of FOIA are unfounded, the PAC will advise the requester and the public body of that decision. The PAC will not conduct any further review.
- Issue a binding opinion to resolve the FOIA dispute. (5 ILCS 140/9.5(f)) The PAC will review any information needed to analyze the FOIA dispute that you have with the public body and any additional information that you or the public body choose to provide. If the PAC decides to issue a binding opinion, the PAC must issue that opinion within 60 calendar days after receiving the Request for Review. If the opinion orders the public body to produce records, the public body may appeal the opinion to the circuit court. If the public body does not appeal the opinion and fails to disclose the records as ordered by the opinion, the Attorney General's office may sue the public body to enforce the opinion. If the opinion concludes that the records fall within a FOIA exemption and need not be disclosed, you may appeal the opinion to the circuit court.

### **Can the PAC issue Advisory Opinions to Public Bodies?**

Yes. The PAC may assist any public body by issuing an advisory opinion to provide guidance on how to comply with FOIA. (5 ILCS 140/9.5(h)) The public body may request an advisory opinion to obtain guidance on FOIA compliance. The request must contain sufficient accurate facts from which a determination can be made. The PAC may request additional information from the public body to facilitate the review. A public body that relies in good faith on an advisory opinion of the PAC is not liable for penalties in a subsequent lawsuit, so long as the facts upon which the opinion is based have been fully disclosed to the PAC.

### **Do I have to file a Request for Review with the PAC before I file a FOIA lawsuit in court?**

No. You can file a FOIA lawsuit in court after you receive a denial from the public body, or after the PAC concludes a review of the matter. If the PAC decides to issue a binding opinion and you disagree with the opinions of the PAC, you can appeal the PAC's decision to the circuit court. You should be aware that if you ask the PAC to review a matter and then decide, before the PAC completes the review, to go ahead and file a

lawsuit without waiting for the PAC's decision, the PAC will immediately stop working on your Request for Review to allow your lawsuit to move forward.

**What's the difference between my two appeal options: filing a Request for Review with the PAC or filing a suit in court?**

If the PAC issues a binding opinion deciding your case, then that opinion carries significant weight. If the losing party decides to appeal it to court, the court must give deference to the PAC's opinion and can only overturn it if it is clearly erroneous. If you decide not to seek assistance from the PAC and instead go straight to court, the public body has the burden to show that its denial was correct through clear and convincing evidence.

**EXEMPTIONS – RECORDS THAT ARE NOT PUBLIC**

**What is considered a “public record”?**

“Public records” are defined in FOIA as “all records, reports, forms, writings, letters, memoranda, books, papers, maps, photographs, microfilms, cards, tapes, recordings, electronic data processing records, electronic communications, recorded information and all other documentary materials pertaining to the transaction of public business, regardless of physical form or characteristics, having been prepared by or for, or having been or being used by, received by, in the possession of, or under the control of any public body.” (5 ILCS 140/2(c)) Given this broad definition, FOIA is intended to cover any document, regardless of form, that pertains to government business.

**Does “public record” include electronic information?**

Yes. FOIA defines public records to include electronic documents and communications. When a person requests a record that is maintained in an electronic format, the public body must provide it in the electronic format specified by the request, if that is feasible for the public body. If it is not feasible, the public body must present the information in the format in which it is maintained by the public body or in a paper format at the option of the requester. The public body may charge a fee for the actual cost of purchasing the recording medium, such as the CD, but may not charge a fee for its search for or review of the information.

**What kind of information can I not get access to?**

The FOIA law has a presumption that all information is public, unless the public body proves otherwise. There are several exceptions to public disclosure that include but are not limited to:

- Private information, which is defined as “unique identifiers, including a person's social security number, driver's license number, employee identification number, biometric identifiers, personal financial information, passwords or other access codes, medical records, home or personal telephone numbers, and personal e-mail addresses.” Under FOIA, “private information also includes home addresses and personal license plate numbers, except as otherwise provided by law or when compiled without possibility of attribution to any person.”

- Personal information that, if disclosed, would constitute a clearly unwarranted invasion of personal privacy, unless the disclosure is consented to in writing by the person who is the subject of the information. Under FOIA, the “unwarranted invasion of personal privacy” means the “disclosure of information that is highly personal or objectionable to a reasonable person and in which the subject’s right to privacy outweighs any legitimate public interest in obtaining the information.” Disclosing information that relates to the public duties of public employees is not considered an invasion of personal privacy.
- Law enforcement records that, if disclosed, would interfere with a pending or reasonably contemplated proceeding or that would disclose the identity of a confidential source.
- Information that, if disclosed, might endanger anyone’s life or physical safety.
- Preliminary drafts or notes in which opinions are expressed or policies are formulated, unless the record is publicly cited and identified by the head of the public body.
- Business trade secrets or commercial or financial information that is proprietary, privileged or confidential and disclosure would cause competitive harm to the person or business.
- Proposals and bids for any contract, until a final selection is made.
- Requests that are “unduly burdensome.” (See next question.)

#### **What does “unduly burdensome” mean?**

An exemption exists for requests that are unduly burdensome. A request may be considered unduly burdensome if there is no way to narrow the request, and the burden on the public body to produce the information outweighs the public interest in the information. However, before relying on this exemption, the public body must first give the requester an opportunity to reduce the request to a manageable size. If it is still unduly burdensome, the public body must explain in writing the reasons why the request is unduly burdensome and the extent to which compliance will burden the operations of the public body. Such a response is considered a denial.

#### **What is a “clearly unwarranted invasion of personal privacy”?**

FOIA contains an exemption for records that, if disclosed, would result in a “clearly unwarranted invasion of personal privacy.” An “unwarranted invasion of personal privacy” means the “disclosure of information that is highly personal or objectionable to a reasonable person and in which the subject’s right to privacy outweighs any legitimate public interest in obtaining the information.” Under FOIA, disclosing information that relates to the public duties of public employees is not considered an invasion of personal privacy.

### COMMERCIAL REQUESTS

#### **What is a request for information made for a commercial purpose?**

A commercial request is when the requester seeks to use part or all of the public records for sale, resale, or solicitation or advertisement for sales or services. Requests by the

news media, not-for-profit organizations, scientific or academic institutions are not considered commercial information requests.

**Are commercial information requests treated differently?**

Yes. A public body has 21 business days to respond to a request for information that is made for a commercial purpose. The public body can either: (1) provide the requested records; (2) advise when the records will be provided and the costs; (3) deny the request (if it falls under an exception); or (4) advise the requester that the request is unduly burdensome.

**Can the public entity charge fees for copies of the information?**

Yes, but the fees are limited. For traditional black and white, letter or legal sized copies (8 ½ x 11 or 8 ½ x 14), the first 50 pages are free, and any additional pages can cost no more than 15 cents a page. For color copies or abnormal size copies, the public body can charge the actual cost of copying.

### REDACTIONS

**Can a public body remove or black out information from produced documents?**

Yes, if a record contains information that is exempt from disclosure under FOIA, a public body can remove or black out that exempt information from the public records. This is called "redaction." But the public body must produce the remaining information.

**Is there any information that a public body MUST withhold or redact?** Although there may be legitimate reasons to redact or withhold certain types of information, the only information that the Freedom of Information Act requires a public body to redact are the home addresses, home/private telephone numbers and social security numbers of employees noted on certified payroll records that are required to be submitted to a public body under the Prevailing Wage Act.

### OTHER FOIA QUESTIONS

**Does a request for a copy of an ordinance require a FOIA request?**

No. Ordinances are public documents that should be immediately available to the public without a FOIA request.

**Can a public body allow you to inspect but not copy public documents?**

No. They must allow you to inspect and obtain copies of public documents.

**Can a public body ask the Attorney General's PAC for advice regarding compliance with FOIA?**

Yes, a public body can ask the Attorney General's PAC to issue an advisory opinion regarding compliance with FOIA. For example, if a public body expects to receive FOIA requests for a certain record or category of records that it maintains and is not certain if those records must be disclosed under FOIA, the public body can ask the PAC for an advisory opinion regarding whether the record(s) must be disclosed under FOIA or fall

under a FOIA exemption. The Attorney General's PAC is not required by law to issue an advisory opinion in response to a request.

To ask for an advisory opinion from the Attorney General's PAC, the head of the public body or its attorney must send a written request to the PAC. The request must contain sufficient accurate facts for the PAC to make a determination. The PAC may request additional information from the public body to assist in the review of the issue.

**What happens if the public body relies on an advisory opinion from the PAC in responding to a FOIA request but still ends up being sued by a requester?**

A public body that relies in good faith on an advisory opinion of the Attorney General's PAC in responding to a request is not liable for penalties under FOIA, as long as the public body fully and fairly disclosed to the PAC the facts upon which the opinion is based.

## **Illinois Open Meetings Act**

### *Frequently Asked Questions for Public Bodies*

The Illinois Open Meetings Act (OMA) is designed to ensure that the public has access to information about government and its decision-making process. As a public servant, you have a duty to ensure that Illinois residents can obtain information about their government.

In 2009, Attorney General Lisa Madigan worked with legislators and a diverse group of individuals and organizations to strengthen transparency laws in Illinois and hold government more accountable. On January 1, 2010, key changes to the Open Meetings Act took effect to provide Illinois residents with a more open and accountable government.

### **WHO'S WHO UNDER OMA**

**Public Access Counselor (PAC)** – An attorney in the Attorney General's Office who works to ensure compliance with OMA and the Illinois Freedom of Information Act (FOIA). The Public Access Counselor oversees the Public Access Bureau in the Attorney General's Office, which includes several Assistant Attorneys General and professional support staff members working to respond to OMA and FOIA issues raised by the public and government officials. Working under the direction and supervision of the Attorney General, the PAC has the authority to determine whether a public body has violated the Open Meetings Act. The PAC also has the authority to review requests for documents under FOIA and determine whether those documents should have been disclosed. As part of this Public Access work, the Attorney General has subpoena power, may issue advisory opinions to guide public bodies, may issue binding opinions in OMA and FOIA disputes, and may sue to enforce binding opinions.

**"Public Body"** – The Open Meetings Act defines "public body" to include "all legislative, executive, administrative or advisory bodies of the State, counties, townships, cities, villages, incorporated towns, school districts and all other municipal corporations, boards, bureaus, committees or commissions of this State, and any subsidiary bodies of any of the foregoing including but not limited to committees and subcommittees which are supported in whole or in part by tax revenue, or which expend tax revenue, except the General Assembly and committees or commissions thereof."

Under OMA, "public body" also includes tourism boards and convention or civic center boards located in counties that are contiguous to the Mississippi River with populations of more than 250,000 but less than 300,000. OMA specifically provides that "public body" does not include a child death review team, the Illinois Child Death Review Teams Executive Council established under the Child Death Review Team Act, or an ethics commission acting under the State Officials and Employees Ethics Act.

**"Meeting"** – The Open Meetings Act defines a "meeting" to include "any gathering, whether in person or by video or audio conference, telephone call, electronic means (such

as, without limitation, electronic mail, electronic chat, and instant messaging), or other means of contemporaneous interactive communication, of a majority of a quorum of the members of a public body held for the purpose of discussing public business or, for a 5-member public body, a quorum of the members of a public body held for the purpose of discussing public business. Accordingly, for a 5-member public body, 3 members of the body constitute a quorum and the affirmative vote of 3 members is necessary to adopt any motion, resolution, or ordinance, unless a greater number is otherwise required.”

### **GENERAL INFORMATION**

#### **What is the Open Meetings Act (OMA)?**

The Open Meetings Act is a state law that requires that meetings of public bodies be open to the public except in certain specific, limited situations (discussed in more detail below) where the law authorizes the public body to close a meeting. OMA also provides that the public must be given advance notice of the time, place and subject matter of the meetings of public bodies.

#### **What is the difference between the Freedom of Information Act (FOIA) and OMA?**

FOIA applies when a member of the public is seeking access to public records. OMA is intended to ensure that the actions of public bodies are conducted in the open, through public meetings, and that the public is able to observe the deliberations behind those actions.

#### **What type of “public body” is covered by OMA?**

The “public bodies” covered by OMA include all legislative, executive, administrative or advisory bodies of:

- the State
- counties
- townships, cities, villages, or incorporated towns
- school districts
- all municipal corporations

“Public bodies” also includes all committees, subcommittees and subsidiary bodies of public bodies. Examples of “public bodies” include everything from park district boards to city councils to civic commissions. “Public bodies” includes, but is not limited to, any entity that is supported in whole or in part by tax revenue or which expends tax revenue.

#### **What information is the public body required to provide to the Public Access Counselor?**

Each public body must designate employees, officers and/or members to receive OMA electronic training provided by the Public Access Counselor. The public body must provide a list of these designated individuals to the Public Access Counselor.

## **TRAINING FOR EMPLOYEES, OFFICERS, AND MEMBERS**

### **Who needs to complete the Public Access Counselor's electronic OMA training?**

Each public body must designate employees, officers or members to receive training on compliance with the Open Meetings Act. The Public Access Counselor must provide an electronic training program for these individuals to take. These individuals must complete the Public Access Counselor electronic training annually.

**In addition, beginning January 1, 2012, all elected or appointed members of a public body subject to OMA must also complete the electronic training and file a copy of the certificate of completion with the public body once during their term of election or appointment as follows:**

- Any person who is an elected or appointed member of a public body subject to the Act **on** January 1, 2012, must complete the electronic training between January 1, 2012, and January 1, 2013.
- Any person who becomes an elected or appointed member of a public body subject to the Act **after** January 1, 2012, must complete the electronic training no later than the 90th day after taking the oath of office or, if not required to take an oath of office, after otherwise assuming responsibilities as a member of the public body.

Elected or appointed members need not complete the electronic training on an annual basis thereafter unless they are also designated to receive training on compliance with the Open Meetings Act.

### **What does the public body need to do if it designates additional individuals to take the Public Access Counselor training?**

At any time, a public body may designate new or additional employees, officers or members to receive training on compliance with OMA. If a public body designates new or additional individuals, those individuals must complete the training within 30 calendar days of their designation.

## **PUBLIC MEETING**

### **How many members of the public body have to be present at a "meeting" before OMA requirements apply?**

A "meeting" under OMA is a gathering of a majority of a quorum of the members of a public body for the purpose of discussing public business. For example, for a 7-member board with a quorum of 4, a majority of the quorum would be 3. Under OMA, 5-member bodies have a 3-member quorum and require the affirmative vote of 3 members to adopt any motion, resolution, or ordinance, unless a greater number is otherwise required.



**Before a public body takes a vote on an issue at a meeting, what must it do?**

Any vote, or final action, must be preceded by a public recital of the nature of the matter being considered and any other information that will inform the public of the business being conducted.

**If an item is not listed on the posted agenda for a regular meeting, is the public body prohibited from taking action on the item at that meeting?**

Yes. OMA permits discussion during regular meetings of items not specifically set forth on the agenda. The Open Meetings Act, however, does not permit the taking of a vote on such a matter at that meeting.

**Is a public body required to provide members of the public with a copy of its "board packet" at an open meeting?**

No. At the time of an open meeting, a public body is not required to disseminate or provide the public with copies of its "board packet" or reference information. It is important to note, however, that the information contained within a "board packet" is subject to the Freedom of Information Act and a member of the public can request copies of that material through FOIA.

**PUBLIC NOTICE OF A MEETING****What is public notice?**

Giving public notice means providing the date, time and location of a meeting.

**When and how does a notice of a regular meeting have to be provided by a public body?**

At the beginning of each calendar or fiscal year, every public body must create and make available to the public the schedule for regular meetings that year, including the dates, times, and locations of the meetings. Notice shall be given by posting a copy of the notice at the principal office of the body holding the meeting or, if no such office exists, at the building in which the meeting is to be held. If the public body has a website maintained by its own full-time staff, then notice of all meetings must also be posted on that website.

If the public body changes the regular meeting schedule (as opposed to a particular meeting), it must give 10 calendar days notice of the change by publicizing the change in the newspaper and by posting information concerning the schedule change at the principal office of the public body.

The public body must post an agenda (see below) for the particular meeting at the principal office of the public body, at the location of the meeting, and on the public body's website (if it has a website maintained by its own full-time staff) at least 48 hours in advance of the meeting.

## **MEETING AGENDA**

### **What is an agenda?**

An agenda is a list of the items to be acted upon or discussed during a meeting.

### **Can the agenda be changed?**

A public body cannot change the agenda less than 48 hours before the meeting.

### **Can the public body take action on items not on the agenda of regular meetings?**

No. While the public body can discuss items that are not on the agenda of a regular meeting, the public body cannot take action or make any decision with regard to items or topics not on the agenda of a regular meeting. It is important to note that at a special or emergency meeting, unlike a regular meeting, a public body cannot even discuss items that did not appear on the agenda for the special or emergency meeting.

### **Is a public body required to allow a member of the public to speak at an open meeting?**

The Open Meetings Act requires that public bodies give members of the public an opportunity to speak at a public meeting. Public bodies are authorized to adopt rules regarding the public comment portion of a meeting. Such rules may limit the time allotted for the public to speak.

## **TIME AND LOCATION OF A MEETING**

### **When and where does an open public meeting need to be held?**

A public body must hold a meeting at a specific time and place that is convenient and open to the public. A public body cannot hold a meeting on a public holiday, unless the regularly scheduled meeting falls on that holiday.

## **RECORDING OF A MEETING**

### **May a member of the public record an open meeting?**

Yes. Any member of the public can record the meeting by tape, film, or other means, subject to some reasonable restrictions.

### **Is the public body required to take minutes of its open meetings?**

Yes. The minutes must include:

- the date, time and place of the meeting;
- a list of the members present and absent from the meeting, and whether they attended in person, by phone, or by video;
- a summary of the discussion of all matters proposed, deliberated, or decided; and
- a record of any votes taken.

It is important to note that subsidiary bodies of public bodies (such as committees and subcommittees) are also required to take minutes of meetings.

A public body must make minutes of the meeting available for public inspection and post them on the public body's website (if it has one) within 7 calendar days after the minutes are approved by the public body. Typically, the minutes are approved at the next board meeting.

### **EXCEPTIONS TO OPEN MEETINGS – CLOSED SESSIONS**

#### **When can a meeting be “closed”? Can a public body ever meet in private?**

Section 2(c) of the Open Meetings Act provides that a public body can close a meeting to the public only when the following topics are to be considered:

- the appointment, employment, compensation, discipline, performance, or dismissal of a specific employee or legal counsel for the public body;
- collective negotiating matters or deliberations concerning salary schedules for one or more classes of employees;
- discipline or removal of an occupant of a public office or appointment of an individual to fill a vacant public office;
- evidence or testimony received in a hearing, provided that the body is a quasi-judicative body and prepares and makes available for public inspection a written decision setting forth its determinative reasoning;
- the purchase or lease of real property by the public body;
- the setting of a price for sale or lease of property owned by the public body;
- the sale or purchase of securities, investments, or investment contracts;
- security procedures;
- student disciplinary cases;
- the placement of individual students in special education programs and other matters relating to individual students;
- pending or probable litigation against, affecting or on behalf of the public body;
- the establishment of reserves or settlement of claims as provided in the Local Governmental and Governmental Employees Tort Immunity Act;
- conciliation of complaints of discrimination in the sale or rental of housing;
- ongoing, prior or future criminal investigations, when discussed by public bodies with criminal investigatory responsibilities;
- professional ethics or performance when discussed by an advisory body to a licensing or regulatory agency;
- discussions regarding self-evaluation, practices and procedures or professional ethics with representatives of statewide associations;
- the recruitment, credentialing, discipline or formal peer review of physicians or other health care professionals for a hospital or other health care center;
- deliberations for decisions of the Prisoner Review Board;
- review or discussion of applications received under the Experimental Organ Transplantation Procedures Act;
- classification and discussion of confidential matters of the State Government Suggestion Award Board;
- discussion of the minutes of a meeting that was lawfully closed under OMA;

- deliberations of the State Emergency Medical Services Disciplinary Review Board;
- the operation by a municipality of a municipal utility or power agency or natural gas agency regarding contracts relating to the purchase, sale or delivery of electricity or natural gas, or the results or conclusions of lead forecast studies;
- meetings of a residential health care facility resident sexual assault and death review team;
- discussions involving internal or external auditors and governmental audit committees, finance committees, and their equivalents, when the discussion involves internal control weaknesses, identification of potential fraud risk areas, known or suspected frauds, and fraud interviews conducted in accordance with generally accepted auditing standards of the United States of America; and
- correspondence and records that may not be disclosed under Section 11-9 of the Public Aid Code, 305 ILCS 5/1-1 *et seq.*, or that pertain to appeals under Section 11-8 of the Public Aid Code.

A public body can close a meeting to the public only if its members are discussing a topic that is listed in section 2(c) of the Open Meetings Act.

#### **How can a public body “close” a public meeting?**

If a public body wants to hold a closed session, the public body must first meet in a properly noticed open meeting, then vote to close the meeting by a majority vote of a quorum present. The public body must cite the specific exemption in the Open Meetings Act that applies and allows the closure of the meeting.

#### **Who can attend a “closed” session?**

Only the members of the public body and others who are directly involved in the matter which is the basis for the closed meeting may attend the meeting. For example, witnesses giving testimony regarding a complaint against an employee may attend a meeting that is closed for purposes of discussing discipline of an employee.

#### **Can a public body take binding action in a closed session?**

No. A public body may not take any final action in a closed session.

#### **How must a public body record a closed meeting?**

A public body must make a verbatim record, by audio or video, of any closed session and take minutes of the meeting. Semi-annually, the public body must meet to review the minutes of any closed sessions that occurred and determine whether the minutes of those closed sessions need to remain confidential. If the public body determines that it is no longer necessary to have the minutes remain confidential, it must make the minutes available to the public.

### **ATTENDING A MEETING BY PHONE OR VIDEO CONFERENCE**

#### **Can a member of a public body attend a meeting by telephone or video conference and not in person?**

A member of a public body may attend a meeting by telephone or video conference only in accordance with and to the extent allowed by the rules of the public body. 5 ILCS 120/7(c). If a quorum of the members of the public body is physically present, then a majority of the public body may allow a member to attend by video or telephone conference if the member is prevented from physically attending because of (1) personal illness or disability; (2) employment purposes or the business of the public body; or (3) a family or other emergency. If a member wants to attend the meeting by video or telephone conference, he or she must notify the recording secretary or clerk of the public body before the meeting, unless advance notice is impractical.

**IF A MEMBER OF THE PUBLIC BELIEVES THAT A PUBLIC BODY HAS VIOLATED THE OPEN MEETINGS ACT, HE OR SHE CAN TAKE ACTION. HERE IS WHAT YOU NEED TO KNOW.**

**What can a member of the public do if he or she thinks the public body has violated OMA?**

Within 60 calendar days from when the alleged violation occurred, a member of the public can file a Request for Review of the matter with the Public Access Counselor at the Office of the Attorney General, or can bring a civil action in circuit court against the public body. In addition, the State's Attorney of the county in which the alleged violation occurred may bring a civil action in circuit court within 60 calendar days after the violation occurred or within 60 calendar days of the discovery of the violation by the State's Attorney.

**What is a Request for Review?**

A Request for Review is a letter sent to the Public Access Counselor which lays out the basis for an alleged violation of OMA. The request must be made in writing, must be signed by the requester and must include a summary of the facts supporting the allegation.

**Is there a deadline for submitting a Request for Review?**

Yes. A person seeking review of an issue by the PAC must send the Request for Review to the PAC within 60 calendar days after the date of the alleged OMA violation.

**What happens if a member of the public submits a Request for Review to the PAC and what are the responsibilities of the public body?**

When the PAC receives a written Request for Review from the member of the public, the PAC has seven working days to determine whether further action is warranted. 5 ILCS 120.3.5(b).

If the Public Access Counselor reviews the Request for Review and determines that further action is warranted, she must forward a copy of the Request for Review to the public body within 7 working days of receiving the request. At that time, the PAC can specify records or other documents that the public body must furnish to facilitate the PAC's review. The public body must provide the requested records within 7 working days of receiving the request from the PAC.

Within 7 working days of receiving the request from the PAC, the public body may, but is not required to, provide an answer to the allegations in the Request for Review. The answer may take the form of a letter, brief or memorandum.

The Public Access Counselor must forward a copy of the public body's answer (with any confidential information redacted) to the member of the public who requested the review of the alleged OMA violation. The requester then may, but is not required to, respond in writing to the public body's answer. If the requester decides to respond, he or she must do so within 7 working days of receiving the public body's answer. The requester must send a copy of his or her response to the public body.

Once she has all of the necessary information to analyze the OMA issue and determine whether the public body violated the law, the PAC may:

- Decide that no further review is necessary and that the allegations are unfounded.
- Mediate and work to resolve the dispute. The PAC can decide to work informally to try to mediate the dispute between the member of the public and the public body.
- Issue an opinion resolving the matter. If the PAC decides to issue a binding opinion, she must issue the opinion within 60 days after receiving all the documents necessary to make a determination of the issues raised in the Request for Review. Under OMA, the PAC may extend this time by up to 21 business days by sending written notice to the requester and the public body and including an explanation of the reasons for the need for an extension of time.

#### **What kind of information can the PAC request as she reviews the Request for Review?**

The PAC can request any information necessary to decide whether an OMA violation has occurred. Under OMA, the PAC has the same authority as a court to request and review any audio or video tapes of a closed meeting.

#### **What are the penalties that a public body may incur if it violates the Open Meetings Act?**

**Criminal Penalties:** Under the law, a State's Attorney may bring a criminal action for a violation of the Open Meetings Act. A violation of OMA is a Class C misdemeanor, which is punishable by up to 30 days in jail and a fine of up to \$1,000.

**Civil Penalties:** In a civil lawsuit for a violation of OMA, a court may take a number of actions, including (1) ordering a public body to conduct an open meeting, (2) granting an injunction against future violations by the public body, (3) ordering the public body to make available to the public the minutes of a closed meeting, (4) declaring null and void any final action taken at a closed meeting in violation of OMA, or (5) awarding any other relief that the court deems appropriate. The court also may require the public body to pay the attorney's fees and costs of the person who filed the civil lawsuit alleging the OMA violation.

### PAC Request For Review Process Under OMA





**Illinois Open Meetings Act**  
*Frequently Asked Questions*  
*By the Public*

The Open Meetings Act (OMA) is designed to ensure that Illinois residents have access to their government. In 2009, Attorney General Lisa Madigan worked with legislators and a diverse group of individuals and organizations to strengthen the transparency laws in Illinois and hold government more accountable. On January 1, 2010, key changes to the Open Meetings Act took effect to provide Illinois residents with a more open and accountable government.

**WHO'S WHO UNDER OMA**

**Public Access Counselor (PAC)** – An attorney in the Attorney General's Office who works to ensure compliance with OMA and the Illinois Freedom of Information Act (FOIA). The Public Access Counselor oversees the Public Access Bureau in the Attorney General's Office, which includes several Assistant Attorneys General and professional support staff members working to respond to OMA and FOIA issues raised by the public and government officials. Working under the direction and supervision of the Attorney General, the PAC has the authority to determine whether a public body has violated the Open Meetings Act. The PAC also has the authority to review requests for documents under FOIA and determine whether those documents should have been disclosed. As part of this Public Access work, the Attorney General has subpoena power, may issue advisory opinions to guide public bodies, may issue binding opinions in OMA and FOIA disputes and may sue to enforce binding opinions.

**"Public Body"** – The Open Meetings Act defines "public body" to include "all legislative, executive, administrative or advisory bodies of the State, counties, townships, cities, villages, incorporated towns, school districts and all other municipal corporations, boards, bureaus, committees or commissions of this State, and any subsidiary bodies of any of the foregoing including but not limited to committees and subcommittees which are supported in whole or in part by tax revenue, or which expend tax revenue, except the General Assembly and committees or commissions thereof."

Under OMA, "public body" also includes tourism boards and convention or civic center boards located in counties that are contiguous to the Mississippi River with populations of more than 250,000 but less than 300,000. OMA specifically provides that "public body" does not include a child death review team, the Illinois Child Death Review Teams Executive Council established under the Child Death Review Team Act, or an ethics commission acting under the State Officials and Employees Ethics Act.

**"Meeting"** – The Open Meetings Act defines "meeting" to include "any gathering, whether in person or by video or audio conference, telephone call, electronic means (such as, without limitation, electronic mail, electronic chat, and instant messaging), or other means of contemporaneous interactive communication, of a majority of a quorum of the members of a public body held for the purpose of discussing public business or, for a



5-member public body, a quorum of the members of a public body held for the purpose of discussing public business. Accordingly, for a 5-member public body, 3 members of the body constitute a quorum and the affirmative vote of 3 members is necessary to adopt any motion, resolution, or ordinance, unless a greater number is otherwise required."

### **GENERAL INFORMATION**

#### **What is the Open Meetings Act (OMA)?**

The Open Meetings Act is a state law that requires that meetings of public bodies be open to the public except in certain specific, limited situations (discussed in more detail below) where the law authorizes the public body to close a meeting. OMA also provides that the public must be given advance notice of the time, place and subject matter of meetings of public bodies.

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### **What is public notice?**

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### **When and how does a notice of a regular meeting have to be provided by a public body?**

At the beginning of each calendar or fiscal year, every public body must create and make available to the public the schedule for regular meetings that year, including the dates, times, and location of the meetings. Notice shall be given by posting a copy of the notice at the principal office of the body holding the meeting or, if no such office exists, at the building in which the meeting is to be held. If the public body has a website maintained by its own full-time staff, then notice of all meetings must also be posted on that website.

If the public body changes this schedule, it must give 10 calendar days notice of the change by publicizing the change in the newspaper and by posting information concerning the schedule change at the principal office of the public body.

The public body must post an agenda (see below) for the particular meeting at the principal office of the public body, at the location of the meeting, and on the public body's website (if it has a website maintained by its own full-time staff) at least 48 hours in advance of the meeting.

## **MEETING AGENDA**

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An agenda is a list of the items to be acted upon or discussed during a meeting.

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## TIME AND LOCATION OF A MEETING

### **When and where does an open public meeting need to be held?**

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- the operation by a municipality of a municipal utility or power agency or natural gas agency regarding contracts relating to the purchase, sale or delivery of electricity or natural gas, or the results or conclusions of lead forecast studies; and
- meetings of a residential health care facility resident sexual assault and death review team;
- meetings of a mortality review team appointed under the Department of Juvenile Justice Mortality Review Team Act;
- confidential information, when discussed by one or more members of an elder abuse fatality review team, designated under Section 15 of the Elder Abuse and Neglect Act, while participating in a review conducted by that team of the death of an elderly person in which abuse or neglect is suspected, alleged, or substantiated;
- meetings of an independent team of experts under Brian's Law.

A public body can close a meeting to the public only if its members are discussing a topic that is listed in Section 2(c) of the Open Meetings Act.

#### **How can a public body "close" a public meeting?**

If a public body wants to hold a closed meeting or wants to close a portion of an open meeting, the public body must vote to close the meeting by a majority vote of a quorum

present in an open meeting. The public body must also cite the specific exemption in the Open Meetings Act that applies and allows the closure of the meeting.

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**IF YOU BELIEVE THAT A PUBLIC BODY HAS VIOLATED THE  
OPEN MEETINGS ACT, YOU CAN TAKE ACTION.  
HERE IS WHAT YOU NEED TO KNOW.**

**What can I do if I think a public body has violated OMA?**

Within 60 calendar days from when the alleged violation occurred, you can file a Request for Review with the Public Access Counselor at the Office of the Attorney General, or you can bring a civil action in circuit court against the public body.

**What is a Request for Review?**

A Request for Review is a letter sent to the Public Access Counselor which lays out the basis for an alleged violation of OMA. The request must be made in writing, must be

signed by the requester and must include a summary of the facts supporting the allegation.

**Is there a deadline for submitting a Request for Review?**

Yes. A person seeking review of an issue by the PAC must send the Request for Review to the PAC within 60 calendar days after the date of the alleged OMA violation.

**What happens when I submit a Request for Review with the PAC?**

When the PAC receives a written Request for Review from a member of the public, the PAC has seven working days to determine whether further action is warranted. 5 ILCS 120/3.5(b).

If the Public Access Counselor reviews the Request for Review and determines that further action is warranted, she must forward a copy of the Request for Review to the public body within 7 working days of receiving the request. At that time, the PAC can specify records or other documents that the public body must furnish to facilitate the PAC's review. The public body must provide the requested records within 7 working days of receiving the request from the PAC.

Within 7 working days of receiving the request from the PAC, the public body may, but is not required to, provide an answer to the allegations in the Request for Review. The answer may take the form of a letter, brief or memorandum.

The Public Access Counselor must forward a copy of the public body's answer (with any confidential information redacted) to the member of the public who requested the review of the alleged OMA violation. The requester then may, but is not required to, respond in writing to the public body's answer. If the requester decides to respond, he or she must do so within 7 working days of receiving the public body's answer. The requester must send a copy of his or her response to the public body.

Once she has all of the necessary information to analyze the OMA issue and determine whether the public body violated the law, the PAC may:

- Decide that no further review is necessary and that the allegations are unfounded.
- Mediate and work to resolve the dispute. The PAC can decide to work informally to try to mediate the dispute between the member of the public and the public body.
- Issue an opinion resolving the matter. If the PAC decides to issue a binding opinion, she must issue the opinion within 60 days after receiving all the documents necessary to make a determination of the issues raised in the Request for Review. Under OMA, the PAC may extend this time by up to 30 days by sending written notice to the requester and the public body and including an explanation of the reasons for the need for an extension of time.

**What kind of information can the PAC request as she reviews the Request for Review?**

The PAC can request any information necessary to decide whether an OMA violation has occurred. Under OMA, the PAC has the same authority as a court to request and review any audio or video tapes of a closed meeting.

**Do I have to file a Request for Review with the PAC before I can file suit in court?**

No.

**Can I bring my own OMA action in court?**

Yes.

**What are the penalties that a public body may incur if it violates the Open Meetings Act?**

**Criminal Penalties:** Under the law, a State's Attorney may bring a criminal action for a violation of the Open Meetings Act. A violation of OMA is a Class C misdemeanor, which is punishable by up to 30 days in jail and a fine of up to \$1,000.

**Civil Penalties:** In a civil lawsuit for a violation of OMA, a court may take a number of actions, including (1) ordering a public body to conduct an open meeting, (2) granting an injunction against future violations by the public body, (3) ordering the public body to make available to the public the minutes of a closed meeting, (4) declaring null and void any final action taken at a closed meeting in violation of OMA, or (5) awarding any other relief that the court deems appropriate. The court also may require the public body to pay the attorney's fees and costs of the person who filed the civil lawsuit alleging the OMA violation.

**How do I contact the Public Access Counselor?**

The Public Access Counselor is a part of the Public Access Bureau in the Attorney General's Office. Here is her contact information:

Public Access Counselor  
Public Access Bureau  
500 S. 2nd Street  
Springfield, Illinois 62706

FOIA Hotline: 1-877-299-FOIA (1-877-299-3642)

SURS

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1600.700

## SUBTITLE D

## SUBPART G: BOARD TRUSTEE ELECTION

**Section 1600.700 Nomination of Candidates**

- a) The Board Secretary shall determine the number and type of Board positions to be filled at an election. The Secretary shall announce the election by October 1 preceding the next election.
- b) Any candidate for an open contributing membership position on the System's Board of Trustees:
  - 1) Shall be, on the date voter eligibility is determined pursuant to Section 1600.715, an employee who has been certified as a SURS covered employee by the employee's employer and an employee for whom employee contributions have been received in the previous 31 days;
  - 2) Shall be nominated by a written petition and/or if offered by SURS, by a petition with electronic signatures submitted via an independent, secure third-party vendor selected by SURS, signed by no fewer than 400 individuals who, as of the date of signing, were participants. Each candidate must submit their own petition and/or obtain electronic signatures on behalf of their own candidacy. Single petitions listing multiple candidates will not be accepted.
- c) Any candidate for an open annuitant position on the System's Board of Trustees:
  - 1) Must have been an annuitant for at least one full year prior to the Election Date as determined pursuant to Section 1600.705;
  - 2) Shall be nominated by a written petition and/or offered by SURS, by a petition with electronic signatures submitted via an independent, secure third-party vendor selected by SURS, signed by no fewer than 100 individuals who, as of the date of signing, were annuitants. Each candidate must submit their own petition and/or obtain electronic signatures on behalf of their own candidacy. Single petitions listing multiple candidates will not be accepted.
- d) For purposes of determining whether a SURS member is a contributing member, participant, or annuitant pursuant to this Subpart G:

EFFECTIVE DATE

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SURS

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1600.700

## SUBTITLE D

- 1) A SURS member who is a contributing member or participant in the Self-Managed Plan, described in Section 15-158.2 of the Pension Code, is eligible under the same terms as SURS members who are in the traditional or portable benefit package, described in Sections 15-103.1 and 15-103.2, respectively, of the Pension Code, and a benefit recipient pursuant to an annuity contract purchased under the self-managed plan is an annuitant;
  - 2) A SURS member receiving a preliminary estimated payment pursuant to Section 1600.420 is an annuitant;
  - 3) A SURS member receiving a disability pursuant to Section 15-150 of the Illinois Pension Code is not an annuitant, but is considered a contributing member for purposes of Board elections.
- e) All candidates must complete an application in the form adopted by the System. Candidate application forms may be obtained from the Board Secretary, upon written or oral request by the candidate, on or after October 1 immediately preceding the Election Date. The completed candidate application form shall be submitted to the Board Secretary by the December 31 immediately preceding the Election Date.
  - f) The Board Secretary shall determine the eligibility of candidates pursuant to the Illinois Pension Code and this Part. If a candidate should become ineligible for the Board position after submission of the candidate application form, but before the election, the Board Secretary shall declare the candidate ineligible and remove that candidate from the ballot. If a candidate should become ineligible for the Board position after the printing of the ballots, the ineligible candidate's votes shall not be counted.

(Source: Amended at 45 Ill. Reg. 6649, effective MAY 11 2021)

EFFECTIVE DATE

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**Joint Committee on Administrative Rules**

**ADMINISTRATIVE CODE**

**TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES**

**SUBTITLE D: RETIREMENT SYSTEMS**

**CHAPTER II: STATE UNIVERSITIES RETIREMENT SYSTEM**

**PART 1600 UNIVERSITIES RETIREMENT**

**SECTION 1600.705 ELECTION DATE/ELECTION DAY – DEFINED**

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**Section 1600.705 Election Date/Election Day – Defined**

- a) The term "Election Date" or "Election Day" shall mean May 1.
- b) If the Election Day falls on a Saturday, Sunday or holiday, the election will be held the next day on which the System is open for business. The final tabulation of ballots shall be completed on the next business day after Election Day.

(Source: Added at 35 Ill. Reg. 10952, effective June 22, 2011)

## SUBTITLE D

**Section 1600.710 Petitions**

- a) All petitions shall be in the form adopted by the System. Petition forms may be obtained from the System on or after October 1 immediately preceding the Election Date. The petition forms may be photocopied for use by the candidates. If offered by SURS, petition signatures can also be submitted via an independent, secure third-party vendor selected by SURS to accept signatures electronically.
- b) A valid petition nominating a candidate for an open contributing membership position or an open annuitant position on the System's Board of Trustees shall meet the following requirements:
  - 1) On page one of the petition the potential candidate must sign the petition as one of the nominating signatories. The signature shall constitute the potential candidate's confirmation that he or she is willing to be a candidate. If using the offered third-party vendor for submitting electronic signatures, the candidates may submit their own signatures electronically as well.
  - 2) The petition must bear the requisite number of original signatures of individuals eligible to nominate the candidate, as established by Section 1600.700(b) or (c). A valid petition may consist of multiple pages and may contain blank signature lines; however, all valid signatures must be original signatures unless they are submitted via an offered third-party vendor. Each candidate must submit their own petition and/or obtain electronic signatures on behalf of their own candidacy. Single petitions listing multiple candidates will not be accepted.
  - 3) Each original or electronic signature of an eligible voter must be accompanied by the signing person's name (printed), home address (street and city), and SURS employer (or last SURS employer). Other eligible voter information, including the last four digits of the signer's social security number may be included to assist the Board Secretary in verifying petition signing eligibility. Signatures that are not accompanied by at least a partial address will not be accepted. The partial social security number shall remain confidential.
  - 4) Petitions may be circulated for signatures commencing the October 1 immediately preceding the applicable Election Date and ending on January 31.

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1600.710

## SUBTITLE D

- 5) An individual eligible to sign a petition nominating a candidate for an open contributing membership position on the Board may sign original and/or electronic petitions for as many contributing membership position candidates as desired.
- 6) An individual eligible to sign a petition nominating a candidate for an open annuitant position on the Board may sign original and/or electronic petitions for as many annuitant candidates as desired.
- 7) Original-hardcopy petitions shall bear the notarized signature of the individual who circulated the petition for signatures, verifying that the signatures contained on the petition were signed in that individual's presence and are genuine, and that, to the best of the circulating individual's knowledge, the persons who signed the petition were eligible to do so under Section 1600.700(b) or (c). These requirements do not apply to petition signatures submitted electronically through the third-party vendor offered by SURS.
- 8) Original petitions and petitions with electronic signatures shall be filed with and must be received by the Board Secretary by the January 31 immediately preceding the Election Day. Petitions received after the prescribed petition-filing period are invalid and will not be counted.
- c) The Board Secretary shall determine the validity of petitions pursuant to the Illinois Pension Code and this Part not less than 75 days prior to the Election Day and notify all candidates in accordance with the election calendar whether their petitions met all petition requirements. Candidates filing conforming petitions will be added to the slate of candidates on the respective ballot.
- d) Any individual may, upon reasonable notice to the System, examine the petitions that have been filed with the System with respect to the election to take place; provided, however, that in order to protect the signing participants' and annuitants' privacy and confidentiality, the examination shall be subject to the following limitations:
  - 1) Petitions that are examined will be duplicate copies of the original petitions filed and/or printouts of electronic signatures filed, with any confidential information redacted;
  - 2) Petitions and electronic signatures may only be examined at the System's offices after the validity of the petitions has been verified by the Board Secretary as provided in subsection (c); and

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1600.710

## SUBTITLE D

- 3) Petitions and electronic signatures may not be removed from the System's offices, copied, or duplicated by any means.
- e) Challenge to the Petition Validation Process
- 1) The challenger shall submit a written statement identifying the specific aspects of the petition validation process that is being challenged.
  - 2) All challenges shall be submitted to the Board Secretary no later than 7 days after the petition validation notification required in subsection (c). Any challenge submitted more than 7 days after the date of the notification shall not be considered. The Board Secretary shall transmit any challenges to a 3 member committee of the Board, comprised of members of the Board not running in the contested election.
  - 3) The committee shall consider the written statement and proceed to make a final determination with respect to the challenge.
  - 4) A written notice of the final determination shall be sent to the challenger and all candidates within 7 days after making the determination.
  - 5) The determination of the committee shall constitute a final administrative decision for purposes of the Administrative Review Law [305 ILCS 5/Art. III].

(Source: Amended at 45 Ill. Reg. 6649, effective MAY 11 2021)

EFFECTIVE DATE

**MAY 11 2021**

SOS-CODE DIV.

**Joint Committee on Administrative Rules****ADMINISTRATIVE CODE**

**TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES  
SUBTITLE D: RETIREMENT SYSTEMS  
CHAPTER II: STATE UNIVERSITIES RETIREMENT SYSTEM  
PART 1600 UNIVERSITIES RETIREMENT  
SECTION 1600.715 ELIGIBLE VOTERS**

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**Section 1600.715 Eligible Voters**

- a) An individual is eligible to vote for a contributing membership position on the Board of Trustees of the System if he or she was a contributing member, defined as an employee who has been certified as a SURS covered employee by the employee's employer and an employee for whom employee contributions have been received in the previous 31 days, except as provided for in subsection (e), as of March 1 of the year in which the election is held.
- b) An individual is eligible to vote for an open annuitant position on the Board of Trustees of the System if he or she was an annuitant as of March 1 of the year in which the election is held.
- c) A person who is eligible to vote for a contributing membership position pursuant to subsection (a) is not eligible to vote for an open annuitant position.
- d) A person who is eligible to vote for an annuitant position pursuant to subsection (b) is not eligible to vote for an open contributing membership position.
- e) A SURS member receiving a disability pursuant to Section 15-150 of the Illinois Pension Code is not an annuitant but is considered a contributing member for purposes of Board elections.

(Source: Amended at 44 Ill. Reg. 17714, effective October 22, 2020)

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**ADMINISTRATIVE CODE**

**TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES**  
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**PART 1600 UNIVERSITIES RETIREMENT**  
**SECTION 1600.720 ELECTION MATERIALS**

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**Section 1600.720 Election Materials**

- a) The Board Secretary may procure a qualified election services vendor and determine the voting methods, specific voting instructions and security measures to be used in the election, subject to the approval of the Board.
- b) At least 30 business days prior to the Election Day, the following election materials shall be emailed to the eligible voter's latest email address known to the System:
  - 1) Electronic instructions for accessing an electronic ballot listing, in order determined by random, blind lottery conducted by the Board Secretary, either the contributing membership candidates or the annuitant candidates, depending on the basis for the individual's eligible voter status as provided in Section 1600.715, using the entire name of each candidate in the System records on the first day nomination petitions can be accepted;
  - 2) Instructions for accessing candidate provided biographies in the location, format and length specified and approved by the Board Secretary;
  - 3) Instructions for voting methods as specified by the Board Secretary, including instructions for voting online or by phone. These instructions will also include the voting deadline.
  - 4) Instructions for requesting from the election vendor a mailing of the preprinted election materials specified in subsection (c). Individual eligible voters may choose to request hard copy materials, including a hard copy ballot, from the election vendor even if they have a valid email address on file with SURS. If a request is made for a hard copy ballot, the eligible voter can cast his or her vote online, by phone, or by returning the hard copy ballot by the election deadline. Only the first ballot received by the election vendor will be counted.

- c) For voters without a valid email address on file with SURS, at least 30 business days prior to the Election Day, and for voters for whom the email delivery attempt in subsection (b) was unsuccessful, as soon as administratively practicable after the election vendor is notified that the email delivery attempt was unsuccessful, the following election materials shall be mailed to the eligible voter's latest mailing address known to the System:
  - 1) A preprinted paper ballot listing, in order determined by random, blind lottery conducted by the Board Secretary, either the contributing membership candidates or the annuitant candidates, depending on the basis for the individual's eligible voter status as provided in Section 1600.715, using the entire name of each candidate in the System records on the first day nomination petitions can be accepted;
  - 2) Preprinted paper candidate provided biographies in the format and length specified and approved by the Board Secretary;
  - 3) Instructions for voting methods specified by the Board Secretary, including instructions for voting online, by phone or by regular mail. These instructions shall also include the voting deadline;
  - 4) A preprinted, return envelope.
- d) If an eligible voter is unable to access his or her election materials as specified in subsection (b) or did not receive the preprinted election materials mailed to him or her as specified in subsection (c), the eligible voter may request that the election vendor send replacement election materials to him or her by providing a current mailing address or a valid email address. Preprinted paper ballots, candidate biographies and other election information will not be mailed out within 5 business days prior to the Election Date; however, electronic ballots and instructions for accessing candidate election information will be electronically transmitted if authorized by the eligible voter at least one day prior to the Election Date. If an eligible voter incorrectly marks or spoils his or her paper ballot prior to returning it, the eligible voter may request a new set of election materials from the election vendor at least 5 business days prior to the Election Date. Paper ballots already mailed to the election vendor, or electronic or phone ballots that have already been cast by the eligible voter, shall not be replaced or revoked. The member's identity as an eligible voter shall be authenticated prior to sending out replacement election materials.
- e) If previously mailed election materials are returned to the election vendor undelivered at least 5 business days prior to the Election Date and a forwarding address has been provided, the election vendor shall mail election materials to the forwarding address via first class U.S. mail.



- f) In addition to the election materials distributed by the election vendor, SURS will post candidate biographies, in the format and length specified and approved by the Board Secretary, on its website at least 30 days prior to the election.

(Source: Amended at 41 Ill. Reg. 15353, effective December 5, 2017)

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**TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES**  
**SUBTITLE D: RETIREMENT SYSTEMS**  
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**PART 1600 UNIVERSITIES RETIREMENT**  
**SECTION 1600.725 CASTING VOTES**

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**Section 1600.725 Casting Votes**

A valid ballot, whether paper or electronic, must conform to the following requirements:

- a) All choices of candidates must be clearly indicated as directed on the voting instructions. If paper ballots are not marked as directed, the marks are invalid and the associated votes will not be counted. An invalid mark for one candidate will not negate other valid marks on the ballot.
- b) Each eligible voter is entitled to only one vote for any particular candidate.
- c) With respect to a ballot on which more than one trustee is to be elected, each eligible voter may vote for only one candidate for each position to be elected. If more candidates are selected than the number of positions to be elected, the ballot is invalid and will not be counted. If the number of candidates selected is fewer than the number of positions to be elected, the selection or selections will each count as only one vote.
- d) Only official SURS paper ballots or votes received via other authorized voting methods will be counted. Write-in candidates are invalid and will not be counted.

(Source: Amended at 38 Ill. Reg. 17457, effective July 30, 2014)

## **Joint Committee on Administrative Rules**

# **ADMINISTRATIVE CODE**

### **TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES**

#### **SUBTITLE D: RETIREMENT SYSTEMS**

#### **CHAPTER II: STATE UNIVERSITIES RETIREMENT SYSTEM**

#### **PART 1600 UNIVERSITIES RETIREMENT**

#### **SECTION 1600.730 RETURN OF BALLOTS AND BALLOT COUNTING PROCESS**

#### **Section 1600.730 Return of Ballots and Ballot Counting Process**

- a) For paper ballots, upon receipt of the election materials specified in Section 1600.720, the eligible voter shall:
  - 1) Mark his or her ballot in accordance with Section 1600.725;
  - 2) Place the completed ballot into the return envelope provided;
  - 3) Seal and mail, via U.S. mail only, the return envelope; and
  - 4) Mail paper ballots in the return envelope provided. The ballot shall be mailed only to the address on the envelope. Paper ballots delivered to the System in bulk, via hand delivery, by campus mail, or delivery other than as specified in this subsection (a)(4) are invalid and will not be counted.
- b) Ballots must be received by the close of business on Election Day. Ballots received after Election Day are invalid and will not be counted. A record of the receipt date of each ballot will be maintained.
- c) When multiple voting methods are authorized, the first ballot cast will be counted as the official ballot and any subsequent votes will not be counted. The Board Secretary will develop procedures to ensure that only one ballot may be received from each eligible voter.
- d) The Board Secretary will develop minimum standards to ensure ballots are properly recorded, secured, tabulated and retained.
- e) When all eligible ballots have been counted and tabulated, the necessary number of contributing members and annuitants who have received the greatest number of votes will be elected trustees; provided, however, the Board Secretary will ensure that, for the final composition of the Board, no more than 2 of the 4 contributing

members are current employees of the University of Illinois at any of the campuses (Urbana-Champaign, Chicago, or Springfield) and no more than one of the 2 annuitants was last employed prior to retirement by the University of Illinois at any of the campuses. If the maximum number of University of Illinois positions has been filled, then any remaining positions shall be filled as follows:

- 1) The remaining contributing member trustee positions will be filled by the contributing member nominees who are not current employees of the University of Illinois at any of the campuses and who received the greatest number of votes.
  - 2) The remaining annuitant trustee positions will be filled by annuitant nominees who were not last employed prior to retirement by the University of Illinois at any of the campuses and who received the greatest number of votes.
  - 3) In case of a tie, the contributing member nominee or annuitant nominee who will be elected will be determined by blind, random drawing.
  - 4) The results of the election process then will be declared by the Board Secretary.
- f) The Board Secretary will certify to the Board the elected trustees by category and term of office. The Board Secretary will further certify the place of employment for each contributing member and the last place of employment prior to retirement for each annuitant.
- g) In any trustee election that can be filled by one or more candidates who are currently employed by or were last employed by any of the University of Illinois campuses, if the number of the highest vote-getting candidates affiliated with the University of Illinois campuses would cause the Board to exceed the participant limit of 2 established by Section 15-159(d)(3) or the annuitant limit of 1 established by Section 15-159(d)(4) of the Code, those candidates shall be seated, in order beginning with the longest elected term available, until the applicable limit of University of Illinois trustees is reached. All remaining University of Illinois affiliated candidates shall immediately be disqualified regardless of the number of votes they received or the elected term for which they ran. Each remaining seat shall then be filled by the non-University of Illinois candidate receiving the highest number of votes for that seat.

(Source: Amended at 45 Ill. Reg. 2259, effective February 5, 2021)

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**PART 1600 UNIVERSITIES RETIREMENT**  
**SECTION 1600.735 CERTIFICATION OF BALLOT COUNTING**

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**Section 1600.735 Certification of Ballot Counting**

The ballot tabulating process shall be certified to the System in writing by an independent consultant at least 7 days prior to the Election Day. The election results shall be certified to the System either by an independent consultant or by the entity tabulating the results. The ballot tabulation process and election results will not be disclosed or announced until written certification is provided to the System.

(Source: Added at 35 Ill. Reg. 10952, effective June 22, 2011)

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**PART 1600 UNIVERSITIES RETIREMENT**  
**SECTION 1600.740 CHALLENGES TO ELECTION RESULTS**

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**Section 1600.740 Challenges to Election Results**

- a) Any challenge to the election results shall be made in the following manner:
  - 1) The challenger shall submit a written statement identifying the specific aspects of the election results that are being challenged.
  - 2) All challenges shall be submitted to the Board Secretary no later than 7 days after the election results have been certified. Any challenge submitted more than 7 days after the election results have been certified shall not be considered.
- b) The written statement timely submitted in accordance with subsection (a) shall be presented to and considered by the Board at the next regularly scheduled quarterly meeting of the Board. The challenger shall have no right to make a presentation at the Board meeting. The Board shall, in its sole discretion, determine what steps, if any, need to be taken in response to the challenge, including, but not limited to, modifying the election results declared.
- c) In the event that election results have already been declared, the election results shall remain valid pending determination of any challenge.
- d) A written notice of the final determination shall be sent to the challenger and all candidates within 7 days after making the determination. This notice shall constitute a final administrative decision of the Board for purposes of the Administrative Review Law.

(Source: Added at 35 Ill. Reg. 10952, effective June 22, 2011)

**Joint Committee on Administrative Rules****ADMINISTRATIVE CODE****TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES****SUBTITLE D: RETIREMENT SYSTEMS****CHAPTER II: STATE UNIVERSITIES RETIREMENT SYSTEM****PART 1600 UNIVERSITIES RETIREMENT****SECTION 1600.745 CANDIDATE INFORMATIONAL COMMUNICATION**

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**Section 1600.745 Candidate Informational Communication**

- a) During any election period commencing the January 1 immediately preceding the Election Date and ending the day after the Election Date, the System will make available address files or e-mail lists of eligible voters for election candidates or other organizations to send additional informational material about the candidate. Organizations must validly exist pursuant to law and must provide a mailing address and contact information to the System at the same time that a request is made for address files or e-mail lists.
- b) The address files or e-mail lists will be sent by the System to a third-party service firm hired by the candidate, or other organization, for mailing. The third-party service firm must guarantee security and only use the member contact information for communication of candidate informational materials.
- c) The third-party service firm will limit the use of the address files or e-mail lists to ensure there is only one communication per candidate, per organization.
- d) The System will not incur any of the costs to produce, mail or send the additional candidate information.
- e) The contents of informational materials must be approved by the Board Secretary prior to the mailing.

(Source: Amended at 37 Ill. Reg. 15517, effective September 12, 2013)

## **Joint Committee on Administrative Rules**

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### **TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES**

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#### **PART 1600 UNIVERSITIES RETIREMENT**

#### **SECTION 1600.750 FILLING A VACANCY IN THE TERM OF AN ELECTED TRUSTEE**

#### **Section 1600.750 Filling a Vacancy in the Term of an Elected Trustee**

- a) A vacancy occurring in the elected membership of the Board shall be filled by the elected trustees as prescribed in Section 15-159(e) of the Pension Code.
- b) The elected trustees shall fill an unexpired term with currently eligible candidates or replacements otherwise satisfying the conditions in Sections 1600.700(b)(1) or (c)(1) and 1600.730(d) as follows:
  - 1) If an elected trustee position becomes vacant within the first 3 years of a term, the vacant position shall temporarily be filled until the July 15 following the next regularly scheduled Election Date. The remaining 3 years of the term shall be permanently filled at the next available election. However, if a vacancy occurs within 6 months prior to the next election, the remaining elected trustees may choose to leave the position vacant until that election. The vacant position openings and term lengths shall be filled as follows:
    - A) The vacant position shall be temporarily filled by the elected members using the eligibility rules provided in Section 1600.700(b)(1) and the process rules provided in subsection (b)(3) of this Section.
    - B) If the vacancy occurs prior to the January 1 immediately preceding the next election, the vacant positions shall be filled for the remainder of the term (years 4-6), through the election process, by adding the appropriate number of available positions to the ballot at the next available election.
    - C) If a vacancy occurs prior to the January 1 immediately preceding the next election, and an election is required under Section 15-159(e) of the Pension Code, the term lengths shall be determined with the



candidates receiving the greatest number of votes awarded the 6 year terms.

- D) If a vacancy occurs prior to the January 1 immediately preceding the next election and an election is not otherwise necessary under Section 15-159(e), term lengths shall be determined by blind random drawing.
- 2) If an elected trustee position becomes vacant within the last 3 years of a term, the vacant position shall be filled for the remainder of the term by the elected members using the eligibility rules provided in this subsection (b) and the process rules provided in subsection (b)(3). However, if a vacancy occurs within 6 months prior to the next election, the remaining elected trustees may choose to leave the position vacant until that election.
- 3) Unexpired terms will be filled by the elected membership using the process outlined in this subsection (b)(3). The Board Secretary will announce the vacancy via a press release and request nominations be submitted by a certain date in the form adopted by the System. Once the nomination period has ended, the Board Secretary shall determine the eligibility of the candidates pursuant to Section 15-159 of the Pension Code and the eligibility qualifications provided in this subsection (b). The list of eligible nominees will be submitted to all elected members of the Board for consideration of which candidate would best represent the contributing members or annuitants, respectively. Departing elected members shall not be eligible to participate in the replacement process. Majority voting of all elected members will determine the appointee. If the elected members cannot decide on a replacement, the full Board may declare a special election to fill the vacancy.

(Source: Amended at 37 Ill. Reg. 15517, effective September 12, 2013)

# **Joint Committee on Administrative Rules**

## **ADMINISTRATIVE CODE**

### **TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES**

#### **SUBTITLE D: RETIREMENT SYSTEMS**

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#### **PART 1600 UNIVERSITIES RETIREMENT**

#### **SECTION 1600.500 ADMINISTRATIVE STAFF DETERMINATIONS AND RULES FOR APPEAL - NATURE AND REQUIREMENTS OF FORMAL HEARINGS**

#### **Section 1600.500 Administrative Staff Determinations and Rules for Appeal – Nature and Requirements of Formal Hearings**

- a) **Administrative Determination**  
The Board of Trustees hereby delegates to the SURS administrative staff the responsibility for the daily claims-processing function of SURS, including making initial determinations as to all applications for annuities and benefits, service credit, or any other claims against or relating to SURS, consistent with the provisions of the Illinois Pension Code.
- b) **Review by Director of Member Services**  
Any participant, annuitant or beneficiary adversely affected by the disposition of a claim by the administrative staff may file a written request for review by the SURS Director of Member Services or such other person as may be designated by the Executive Director. The designee shall have all the powers and duties of the Director of Member Services, as set forth in this subsection (b). A request for review by the Director of Member Services must be received within 35 days from the date of the decision from which review is sought. The Director of Member Services' review will be based upon all materials contained in the file, as well as any additional materials the claimant attaches to the written request for review filed with the Director of Member Services pertaining to the claim. All filings or submissions, whether optional or required under this Section, shall be considered timely if date stamped by SURS within the time prescribed. The Director of Member Services' decision shall be served on the participant, annuitant or beneficiary by delivery to a third-party commercial carrier or by registered or certified mail, return receipt requested.
- c) **Review by the Claims Panel**
  - 1) A Claims Panel shall hear all administrative contested matters. The Panel shall meet periodically as determined by the Executive Director.

- 2) Request for Review. Any participant, annuitant or beneficiary (hereinafter "claimant") adversely affected by the disposition of a claim by the Director of Member Services may request, in writing, a review by the Claims Panel and, at the same time, a copy of all relevant documents from the claimant's file. A request for review must be received by the General Counsel of SURS, or his or her designee, within 35 days from the date of the decision from which review is sought.
- 3) Notice of Hearing. Upon receipt of a claimant's Request for Review, the Director of Member Services, or his or her designee, shall assign the claim a docket number; schedule the claim for the first available meeting of the Claims Panel; and notify the claimant, by a Notice of Hearing, that he or she is required to file a single Statement of Claim. The Notice of Hearing may be accompanied by any relevant documentation from the claimant's file.
- 4) Statement of Claim. The Statement of Claim must be received by the SURS General Counsel, or his or her designee, no later than 35 days from the date of the mailing of the Notice of Hearing. The Statement of Claim shall include: a formal Appearance, containing the claimant's name, SURS identification number and address; the name and address of the claimant's authorized representative, if any; a statement of the facts forming the basis for the appeal; any documents or other materials the claimant wishes to be considered in conjunction with the appeal, in addition to those already contained in the claimant's file; whether the claimant desires a hearing or whether the claimant desires to waive a hearing and allow the Claims Panel to reach a decision based upon the Statement of Claim and the relevant documents in the claimant's file; a list of witnesses, if any, the claimant intends to present at a hearing; and an explanation of the relief sought. The Statement of Claim shall not exceed 15 pages in length, unless an exception is granted by the Claims Panel Hearing Officer. The Hearing Officer may grant a motion to Strike/Dismiss all or part of the Statement of Claim.
- 5) Response to Statement of Claim. SURS staff may submit a Response to the Statement of Claim, which shall also not exceed 15 pages in length, unless an exception is granted by the Claims Panel Hearing Officer.
- 6) Notification. The Notice of Hearing shall also provide a claimant *with written notice of: the date, time and place of the hearing; the subject matter of the hearing; and relevant procedural and substantive statutory and regulatory provisions* [5 ILCS 100/10-25]. The Notice shall inform the claimant that he or she will be afforded the opportunity to provide a statement of his or her position, present oral evidence, and conduct examination and cross-examination of witnesses as necessary for full and

true disclosure of the facts. Notice shall also be given to the claimant that he or she is required to provide written confirmation, at least 14 days prior to the scheduled date of the hearing, of his or her intent to appear at the hearing, whether in person or by telephone conference call. The claimant is not required to physically appear at the hearing. The claimant may appear at the hearing by telephone conference call. The claimant may also choose to affirmatively waive his or her appearance at the hearing. In the absence of the claimant, the Claims Panel will consider the claimant's Statement of Claim and any documentary evidence, testimony evidence, argument and any other information properly presented to the Claims Panel by SURS staff during the scheduled hearing.

- 7) Pre-hearing Conference. Upon request of the General Counsel or upon the decision of the Hearing Officer, a pre-hearing conference shall be held for the purpose of simplification or definition of issues or procedures at the hearing.
  - 8) Representation. The claimant and SURS may be represented by counsel or a designated spokesperson at the hearing.
  - 9) Burden of Proof. It shall be the burden of the claimant to establish a right to the benefit claimed, or the right to the continuation of the benefit claimed in cases of revocation of the benefit by SURS, by establishing that right by a preponderance of the evidence.
- d) Discovery. All discovery is at the discretion of the Hearing Officer. Requests to take discovery must be made in writing to the Hearing Officer with notice to the other party. Discovery may be taken with the prior permission of the Hearing Officer only upon good cause shown, that is, if the evidence sought is material and cannot be obtained in any other way. Failure to comply with orders of the Hearing Officer may be sanctioned by the Hearing Officer, by means including, but not limited to, dismissal of a claim.
- e) Depositions
- 1) The Hearing Officer may order the taking of evidence depositions of a person, specifying the subject matter to be covered, under oral examination or written questions, for use as evidence at the hearing, provided:
    - A) The Hearing Officer has determined upon request that there is a need to preserve a person's testimony. The need to preserve a person's testimony shall be determined using criteria similar to that set forth under Illinois Supreme Court Rule 212(b);

- B) The request is made on motion by a party who gives notice of the motion to the other party; and
    - C) The Hearing Officer has determined that an evidence deposition containing oral testimony will be necessary to the Claims Panel in determining the merits of the claim.
  - 2) The taking of depositions shall be in accordance with the provisions for taking depositions in civil cases, and the order for the taking of a deposition may provide that any designated books, papers, documents or tangible objects that are not privileged shall be produced at the same time and place.
  - 3) Any party to the hearing shall, during any deposition process, have the right to confront and cross-examine any witness whose deposition testimony is to be presented to the Claims Panel.
  - 4) Depositions shall be taken in the county of residence or employment of the witness, unless the witness waives that right in writing.
  - 5) Depositions shall be taken at the cost of the party requesting the deposition.
- f) Subpoenas
- 1) The Hearing Officer may request the Secretary of the Board to issue a subpoena to compel the attendance of a witness at an evidence deposition or the production of documents when the witness has, or the documents contain, relevant evidence. A party may also request the Hearing Officer to request the Secretary of the Board to issue a subpoena to compel the attendance of a witness at an evidence deposition or the production of documents. The request shall either be in writing or on the record and shall:
    - A) Identify the witness or document sought; and
    - B) State the facts that will be proven by each witness or document sought.
  - 2) The Hearing Officer shall grant or deny the request, either in writing or on the record. If the request for subpoena is granted, the Hearing Officer shall, if necessary, reschedule the hearing to a specific date. The request for subpoena shall be denied if the Hearing Officer finds that the evidence sought is immaterial, irrelevant or cumulative. If the request for subpoena is denied, the specific reasons for denial of the request shall be made part of the record on appeal.

- 3) If a witness fails to obey a subpoena, the party seeking enforcement of the subpoena shall prepare an application to the circuit court of the county in which the subpoenaed witness resides requesting enforcement of the subpoena, and shall present the application to the Hearing Officer, at the same time serving a copy of the application upon the other party. If satisfied that the subpoena was properly served and that the application is in proper form, the Hearing Officer shall sign a subpoena to be submitted with the application and the party seeking the subpoena may then file and prosecute the application in the circuit court, in the name of the Board. The petitioner in the application shall be styled as "Name of Petitioner ex rel. Board of Trustees of the State Universities Retirement System of Illinois" unless the petitioner is SURS, in which case the petition shall be brought in the name of the Board. In the event of an application being filed with the circuit court, the matter shall be continued pending the outcome of the application to enforce the subpoena.
  - 4) The fees of witnesses for attendance and travel shall be the same as fees of witnesses before the circuit courts of this State and shall be paid by the party seeking the subpoena.
- g) Conduct of the Hearing
- 1) Hearing Officer. The hearing shall be conducted by the Hearing Officer. Other members of the Claims Panel may, but are not required to, attend the hearing. Members may attend hearings either in-person or by video or teleconference.
    - A) The Hearing Officer shall have full power to conduct the hearing and the presence of any other members of the Claims Panel is not required. The Hearing Officer shall be one of the members of the Claims Panel chosen by the Panel to be the Hearing Officer.
    - B) The Claims Panel shall consist of:
      - i) the Executive Director of SURS;
      - ii) an attorney licensed to practice law in the State of Illinois approved by the Board; and
      - iii) one other person, selected by the Chairperson of the Board of Trustees of SURS, who shall be a member of the Board, a participant in SURS or an attorney licensed to practice law in the State of Illinois.

- C) Each member of the Panel shall be reimbursed for travel or other related expenses incurred in connection with his or her duties as a member of the Panel. If he or she is not a member of the Board or currently employed by one of the employers covered by SURS, the member shall receive reasonable compensation, as recommended by the Executive Director and approved by the Board, for time spent in reviewing claims and attending Panel hearings. At a minimum, the members of the Claims Panel shall have a general familiarity with the provisions of the Illinois Pension Code, this Part and the internal operating procedures of SURS.

2) Procedures

- A) The Hearing Officer shall conduct a full and fair hearing, receive testimony of the claimant and admit exhibits into evidence, avoid delay, maintain order and make a sufficient record for a full and true disclosure of the facts and issues.
- B) To accomplish these ends, the Hearing Officer shall make all procedural and evidentiary rulings necessary for the conduct of the hearing.
- C) All testimony shall be taken under oath before an officer authorized to administer oaths by the laws of this State or of the United States or of the place where the testimony is to be given.
- D) As a general matter, *the rules of evidence as applied in civil cases in the circuit courts of the State of Illinois shall be followed; however, evidence inadmissible under those rules may be admitted (except where precluded by statute) if it is of a type commonly relied upon by reasonably prudent persons in the conduct of their affairs. Any part of the evidence may be received in written form, provided that the interests of the parties will not be prejudiced. Notice may be taken of generally recognized technical facts within SURS' specialized knowledge and SURS' experience, technical competence and specialized knowledge may be used in evaluation of the evidence.* [5 ILCS 100/10-40]
- E) The Hearing Officer, and any member of the Claims Panel attending the hearing, may ask questions necessary for better understanding of the facts or law.
- F) The Hearing Officer shall have the authority to impose reasonable time limits for each party to present its case and shall, in general, have the power to manage and control the hearing process.

- G) The hearing shall be open to the public unless the Hearing Officer, for good cause shown, determines otherwise.
- 3) Record of Proceedings. Two records of proceedings shall be kept that shall be in the form of:
- A) a non-verbatim "bystander's report"; and
  - B) either a stenographic transcription or a tape recording. The claimant may obtain a stenographic transcription or a copy of a tape recording of the hearing by making a timely request within 21 days after the close of the hearing and paying the actual cost entailed.
- 4) Disqualification; Ex Parte Communications
- A) Disqualification
    - i) *A Hearing Officer or other member of the Claims Panel may be disqualified on grounds of bias or conflict of interest. A motion to disqualify a Hearing Officer or other member of the Claims Panel for bias or conflict of interest shall be made to the Hearing Officer by any party to the hearing at least 14 days prior to the commencement of the hearing, with a copy of the motion to be simultaneously submitted to the General Counsel. The motion shall be heard, considered and ruled upon by the Hearing Officer at or prior to the commencement of the hearing. The movant shall have the burden of proof with respect to the motion to disqualify. Either an adverse ruling or the fact that a Hearing Officer or other member of the Claims Panel is an employee of SURS or has a contract with SURS, standing alone, shall not constitute bias or conflict of interest. [5 ILCS 100/10-30]*
    - ii) The Executive Director may not be called as a witness unless it is demonstrated that the Executive Director has relevant noncumulative personal knowledge of facts bearing upon the claim. The Executive Director may not be disqualified as a member of the Claims Panel on the basis that the Executive Director is responsible for the overall administration of SURS.
    - iii) In the event that a Hearing Officer or other member of the Claims Panel is disqualified or is otherwise unable to serve, the Board Chairperson may appoint another person to the



Claims Panel and shall appoint another person if the Claims Panel is reduced to fewer than two members, or the Claims Panel shall appoint another Hearing Officer from among its members, as the case may be.

B) Ex Parte Communications Prohibited

- i) *Except in the disposition of matters that SURS is authorized by law to entertain or dispose of on an ex parte basis, the members of the Claims Panel shall not, after receiving notice of a hearing in a contested matter, communicate, directly or indirectly, in connection with any issue of fact, with any party, or in connection with any other issue with any party, or the representative of any party, except upon notice and opportunity for all parties to participate. However, an employee of SURS may communicate with other employees of SURS and an employee of SURS or member of the Claims Panel may have the aid and advice of one or more assistants. An ex parte communication received by any member of the Claims Panel shall be made a part of the record of the pending matter, including all written communications, all written responses to the communications, and a memorandum stating the substance of all oral communications and all responses made and the identity of each person from whom the ex parte communication was received. Communications regarding matters of procedure and practice, such as the format of pleadings, number of copies required, manner of service, and status of proceedings, are not considered ex parte communications. [5 ILCS 100/10-60]*
- ii) Any documentary evidence, testimony evidence, argument and any other information properly presented to the Claims Panel by SURS staff during a scheduled hearing held in the absence of a claimant who waived his or her right to participate in the hearing will not be deemed to be ex parte communications.

5) Decisions of the Claims Panel and Executive Committee

A) Claims Panel Decisions

- i) The record of proceedings shall be completed upon conclusion of the hearing by the Hearing Officer, unless the Hearing Officer determines to re-open the

proceedings. Upon conclusion of all evidence and arguments, the Claims Panel shall privately deliberate and make a Decision as to the disposition of the claim based on the evidence of record. The Claims Panel Decision shall be served on all parties and their agents, if any, by delivery to a third-party commercial carrier or by registered or certified mail, return receipt requested. If a Statement of Exceptions to the Decision is not filed pursuant to this subsection (g)(5)(A), the Decision is final for all purposes and not subject to administrative or judicial review. However, if a Statement of Exceptions to the Decision is filed or, if the members of the Panel are unable to agree on a Decision, then the claim shall be presented to the Executive Committee for a final administrative decision.

- ii) If a Statement of Exceptions is filed, it must be received by SURS, along with a brief in support, within 21 days after the date of mailing of the Claims Panel Decision. Any responsive brief shall be received within 21 days after the filing of the Statement of Exceptions. Any reply brief shall be received within 14 days after the filing of the responsive brief. The filing of any responsive or reply brief is optional. The Executive Director, or his or her designee, shall provide the Executive Committee with a summary of the decision of the Claims Panel. The Executive Committee will make a final administrative decision based on the Claims Panel Decision, any dissenting opinion, any Statement of Exceptions and briefs properly filed.
- iii) If the claim is presented to the Executive Committee because the members of the Claims Panel are unable to agree on a Decision, the Executive Committee shall make a final administrative decision based on any opinions of the Claims Panel members, the record and any briefs properly filed by the claimant or SURS. The filing of any opening, responsive or reply brief in response to the Claims Panel decision is optional. Any opening brief shall be received by SURS within 21 days after receiving notification from the Hearing Officer that the Claims Panel was unable to agree on a Decision. Any responsive brief shall be received within 21 days after the filing of any opening brief. Any reply brief shall be received within 14 days after the filing of any responsive brief.
- iv) All filings shall be served upon the opposing party and shall contain a certificate of service. Filing deadlines in

this subsection (g)(5)(A) may be continued to a date certain by the Hearing Officer for good cause shown on written application filed with SURS prior to the expiration of the deadline sought to be continued.

B) Executive Committee Decision

- i) When necessary pursuant to subsection (g)(5)(A), the Executive Committee of the Board shall make a decision on the claim. No oral argument shall be permitted before the Executive Committee unless otherwise determined by the Executive Committee.
- ii) The Executive Committee shall render one of the following decisions with respect to the claim: affirmance of the administrative action, reversal of the administrative action, or remand of the case to the administrative staff for further consideration. Remand of the case to the administrative staff shall not be considered a final decision of the Executive Committee. A decision by the Executive Committee either reversing or affirming the decision of the administrative staff shall constitute a final decision for the purpose of review under the Administrative Review Law [735 ILCS 5/Art. III]. *A final decision of the Executive Committee shall be in writing or stated in the record.*
- iii) The Executive Committee may adopt, as its own, the findings of fact and conclusions of law of the Claims Panel. *Findings of fact, if set forth in statutory language, shall be accompanied by a concise and explicit statement of the underlying facts supporting the findings.*
- iv) *All decisions of the Executive Committee shall specify whether they are final and subject to the Administrative Review Law. [5 ILCS 100/10-50]*
- v) Parties and their agents, if any, shall be notified, personally, by delivery to a third-party commercial carrier, or by registered or certified mail, return receipt requested, of any decision of the Executive Committee. The date of mailing of the decision shall constitute the date of service for purposes of the Administrative Review Law or any other applicable law.

(Source: Amended at 41 Ill. Reg. 15353, effective December 5, 2017)

## **Joint Committee on Administrative Rules**

# **ADMINISTRATIVE CODE**

### **TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES**

#### **SUBTITLE D: RETIREMENT SYSTEMS**

#### **CHAPTER II: STATE UNIVERSITIES RETIREMENT SYSTEM**

#### **PART 1600 UNIVERSITIES RETIREMENT**

### **SECTION 1600.510 EMPLOYER-RELATED DETERMINATIONS AND RULES FOR APPEAL**

#### **Section 1600.510 Employer-Related Determinations and Rules for Appeal**

This Section establishes procedures for employer appeals concerning matters of administration under the Illinois Pension Code.

- a) **Administrative Determination.** The Board of Trustees hereby delegates to the SURS administrative staff the responsibility for making determinations that affect the rights and obligations of employers, consistent with the provisions of the Code.
- b) **Review by Director of Member Services.** Any employer adversely affected by a determination by System administrative staff may file, with the SURS Director of Member Services or other person designated by the Executive Director, a Statement of Employer Appeal. The designee shall have all the powers and duties of the Director of Member Services set forth in this subsection (b). A Statement of Employer Appeal must be received within 35 days after the date of the decision from which review is sought. If a Statement of Employer Appeal is not timely filed, the determination by administrative staff is final for all purposes and not subject to administrative or judicial review. The review by the Director of Member Services shall be based on all materials contained in the record, as well as any additional materials the employer attaches to the Statement of Employer Appeal. All filings or submissions, whether optional or required under this Section, shall be considered timely if date stamped by SURS within the time prescribed. The decision of the Director of Member Services shall be served on the employer's authorized representative by delivery to a third-party commercial carrier or by registered or certified mail, return receipt requested.
- c) **Review by the Executive Committee**
  - 1) Any employer adversely affected by the disposition of a Statement of Employer Appeal made by the Director of Member Services or the designee may request, in writing, review by the Executive Committee of the Board by

filing with the SURS General Counsel, within 35 days after the date of the decision from which review is sought, a Statement of Exceptions to the Executive Committee. The Statement of Exceptions shall not exceed 15 pages in length, unless agreed to by the SURS General Counsel. No additional filings or submissions, apart from those already contained in the record, may be enclosed with the Statement of Exceptions. If a Statement of Exceptions is not timely filed pursuant to this subsection (c)(1), the decision of the Director of Member Services or designee is final for all purposes and not subject to administrative or judicial review.

- 2) The Executive Committee shall render one of the following decisions with respect to the claim: affirmance of the decision of the Director of Member Services or designee, reversal of that decision, or remand of the case to the administrative staff for further consideration. Remand of the case to the administrative staff shall not be considered a final decision of the Executive Committee. A decision by the Executive Committee either reversing or affirming the decision of the Director of Members Services or designee shall constitute a final decision for the purpose of review under the Administrative Review Law [735 ILCS 5/Art. III].
  - 3) All notices of decisions of the Executive Committee shall indicate that the decision is final and subject to the Administrative Review Law.
  - 4) Parties and their representatives shall be notified, personally, by delivery to a third-party commercial carrier, or by registered or certified mail, return receipt requested, of any decision of the Executive Committee. The date of mailing of the decision shall constitute the date of service for purposes of the Administrative Review Law or any other applicable law.
- d) Effect of Appeal on Due Dates, Interest and Penalties
- 1) Due Dates. If any provision of the Code or SURS regulations requires the employer to make payment by a certain date, the due date shall not be extended during the pendency of the appeal. Any final decision under this Section that partially reduces the payment shall extend the due date of the remaining balance by the time period during which the matter was under appeal.
  - 2) Interest and Penalties on Payments. If any provision of the Code or SURS regulations imposes interest or penalties upon an employer after a certain date for nonpayment, the interest and/or penalties shall continue to accrue during the pendency of the appeal. Any final decision that partially reduces the payment shall also reduce the attributable interest and/or penalties. To avoid the accrual of interest and/or penalties, the employer may make payment under protest. A payment under protest must be submitted, at the latest, with the Statement of Employer Appeal filed pursuant to subsection

(b). If made, the payment shall not be considered an admission of any liability and shall not constitute a waiver of any appeal rights under this Section.

(Source: Amended at 44 Ill. Reg. 17714, effective October 22, 2020)

## **Joint Committee on Administrative Rules**

# **ADMINISTRATIVE CODE**

### **TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES SUBTITLE D: RETIREMENT SYSTEMS CHAPTER II: STATE UNIVERSITIES RETIREMENT SYSTEM PART 1600 UNIVERSITIES RETIREMENT SECTION 1600.120 OPEN MEETINGS ACT**

#### **Section 1600.120 Open Meetings Act**

##### **a) Introduction**

- 1) The Illinois Open Meetings Act [5 ILCS 120] sets forth *the public policy of the State of Illinois that public bodies exist to aid in the conduct of the people's business and that the people have a right to be informed as to the conduct of their business. It is also the public policy of the State that its citizens be given advance notice of and the right to attend all meetings at which any business of a public body is discussed or acted upon in any way.*
- 2) *It is the intent of the Open Meetings Act:*
  - A) *to ensure that the actions of public bodies be taken openly and that their deliberations be conducted openly;*
  - B) *to protect the citizen's right to know; and*
  - C) *that provisions for exceptions to the open meeting requirements be strictly construed against closed meetings. [5 ILCS 120/1]*
- 3) By means of this Section, SURS has established procedures to conduct its business in accordance with the Open Meetings Act.

##### **b) Definition**

*"Meeting" – Any gathering, whether in person or by video or audio conference, telephone call, electronic means (such as, without limitation, electronic mail, electronic chat, and instant messaging), or other means of contemporaneous interactive communication, of a majority of a quorum of the Board held for the purpose of discussing SURS business. [5 ILCS 120/1.02] A quorum for a Board of Trustees meeting shall be six members of the Board. A quorum for a Board*

committee is the least number more than one-half of the members of the committee. A quorum of the Board or of a Board committee must be physically present at the location of an open meeting of the Board or the committee, respectively. If, however, an open meeting of the Board or a Board committee is held simultaneously at one of its offices and one or more other locations in a public building, which may include other of its offices, through an interactive video conference and public notice is provided as required under the Open Meetings Act for all locations, then members physically present in those locations all count towards determining a quorum. "Public building", as used in this Section, means any building or portion of a building owned or leased by any public body. The requirement that a quorum be physically present at the location of an open meeting shall not apply, however, to Board committees that do not have authority to make binding recommendations or determinations or to take any other substantive action.

c) Attendance by a Means Other Than Physical Presence

- 1) If a quorum of the members of the Board or a Board committee is physically present as required by subsection (b), a majority of those physically present, or at least 3 physically present members of a committee consisting of 5 members, may allow a member of that body to attend the meeting by other means (video or audio conference) if the member is prevented from physically attending because of:
  - A) personal illness or disability;
  - B) employment purposes or the business of the public body; or
  - C) a family or other emergency.
- 2) If a member wishes to attend a meeting by other means, the member must notify the recording secretary of the Board or the Board committee before the meeting unless advance notice is impractical.
- 3) A majority of the Board or a committee may allow a member to attend a meeting by other means only in accordance with and to the extent allowed by this subsection (c).
- 4) Except as provided in this subsection (c)(4), the limitations of this subsection (c) shall not apply to closed meetings of the Board or the Executive Committee or to open or closed meetings of any other subsidiary body, including without limitation any committee other than the Executive Committee, that does not have authority to make binding recommendations or determinations or to take any other substantive action. If the limitations of this subsection (c) do not apply, any or all members of the Board or a subsidiary body may attend a meeting by audio



or video conference. An open meeting attended by audio or video conference will be broadcast at the properly noticed location of the meeting. Neither advance notice nor permission for such means of attendance is required. No minimum number of members need be physically present at the noticed location of the meeting.

d) Time and Place of Open Meetings

- 1) *All open meetings shall be held at specified times and places which are convenient and open to the public.*
- 2) *No open meeting shall be held on a legal holiday unless the regular meeting day falls on that holiday. [5 ILCS 120/2.01]*

e) Public Notice; Agenda; Schedule

- 1) *Posting. Public notice shall be given by posting a copy of the notice at the principal office of SURS [5 ILCS 120/2.02(a)]. Copies of the posted notice shall also be given to any news medium that has filed with the Executive Director an annual request for notice of meetings [5 ILCS 120/2.02(b)].*
- 2) *News Medium Request. Any news medium may file with the Executive Director of SURS an annual request for public notice of all meetings of the Board of Trustees of SURS. The Executive Director shall maintain an updated list of all news media that have filed annual requests and shall be responsible for seeing that the news media receive the notices mandated by the Open Meetings Act and this Section.*
- 3) *Regular Meetings. Public notice shall be given of the schedule of regular meetings at the beginning of each fiscal year, stating the regular dates, times, and places of each meeting.*
  - A) *Agenda of Regular Meetings. An agenda for each regular meeting shall be posted in accordance with subsection (e)(1) at least 48 hours in advance of the holding of the meeting. However, this requirement shall not preclude the consideration of items not specifically set forth in the agenda. [5 ILCS 120/2.02(a)]*
  - B) *Schedule of Regular Meetings. At the beginning of each fiscal year, the Executive Director of SURS shall prepare and make available a schedule of all its regular meetings for that fiscal year, listing the times and places of meetings.*
  - C) *Change in Regular Meeting Date. If a change is made in a regular meeting date, at least 10 days' notice of the change shall be given*

*by publication in the official State newspaper. Notice of the change shall also be posted at the principal office of SURS. Notice of the change shall also be given to any news medium that has filed with the Executive Director an annual request for notice of meetings. [5 ILCS 120/2.03]*

- 4) Special Meetings. Public notice of any special meeting shall be given at least 48 hours before the meeting.
  - A) Agenda of Special Meetings. *An agenda of a special meeting shall also be included with the public notice of the meeting. However, the validity of any action taken by the Board that is germane to a subject on the agenda shall not be affected by other errors or omissions in the agenda. [5 ILCS 120/2.02(a)]*
  - B) News Medium Notice. *Any news medium that has filed an annual request for notice shall be given the same notice of any special meeting in the same manner as is given to members of the Board, provided that the news medium has given the Executive Director an address or telephone number within Illinois at which notice may be given. [5 ILCS 120/2.02(b)]*
- 5) Rescheduled or Reconvened Meetings. *Public notice of any rescheduled or reconvened meeting shall be given at least 48 hours before the meeting.*
  - A) Exception to Notice Requirement. No public notice is required to be given of any reconvened meeting when *the meeting was open to the public and either:*
    - i) *the meeting is to be reconvened within 24 hours; or*
    - ii) *an announcement of the time and place of the reconvened meeting is made at the original meeting and there is no change in the agenda. [5 ILCS 120/2.02(a)]*
  - B) Agenda of Rescheduled or Reconvened Meeting. *An agenda of a rescheduled or reconvened meeting shall also be included with the public notice of the meeting. However, the validity of any action taken by the Board that is germane to a subject on the agenda shall not be affected by other errors or omissions in the agenda. [5 ILCS 120/2.02(a)]*
  - C) News Medium Notice. *Any news medium that has filed an annual request for notice shall be given the same notice of any rescheduled or reconvened meeting in the same manner as is given to members of the Board, provided that the news medium has*

*given the Executive Director an address or telephone number within Illinois at which notice may be given. [5 ILCS 120/2.02(b)]*

- 6) *Emergency Meeting. Notice of an emergency meeting shall be given as soon as is practicable. In any event, prior to an emergency meeting being held, notice shall be given to any news medium that has filed an annual request for notice. [5 ILCS 120/2.02(a)] Any news medium that has filed an annual request for notice shall be given the same notice of any emergency meeting in the same manner as is given to members of the Board, provided that the news medium has given the Executive Director an address or telephone number within Illinois at which notice may be given. [5 ILCS 120/2.02(b)]*

f) Recording Meeting

- 1) *Any person may record by tape, film or other means the proceedings at any open meeting, subject to the provisions of this subsection (f).*
- 2) *If any witness at any meeting required to be open under the Open Meetings Act refuses to testify on the grounds that he or she may not be compelled to testify if any portion of his or her testimony is to be broadcast or televised or if motion pictures are to be taken, then the authority holding the meeting shall prohibit any recording during the testimony of the witness. Nothing in this subsection (f) shall be construed to extend the right to refuse to testify at any meeting not subject to the provisions of Section 8-701 of the Code of Civil Procedure. [5 ILCS 120/2.05]*
- 3) "Recording Device" shall mean any device that records and stores, transcribes, transmits or broadcasts still images, moving images and/or sounds, regardless of format or medium, including, but not limited to, still cameras, video cameras, camcorders, computing devices (regardless of size), mobile phones, personal data assistants, voice recorders or any other similar device and any accessories or equipment used in conjunction with the device that are used to record an open meeting.
- 4) A recording device shall be operated in a manner that does not disrupt or interfere with the deliberative process and the public's ability to observe or listen to the proceedings. The Board, Board committee, or SURS staff may limit the number of recording devices being operated in the meeting room if the number of devices being operated in the aggregate causes or may cause disruption or interference.
- 5) All mounted recording devices must be set up prior to the commencement of the meeting and may not be moved or removed until the proceeding has concluded, unless otherwise permitted by the Board, Board committee, or

SURS staff. If a recording device requires additional equipment that needs placement in the meeting room, such as power cords, standing lights and microphones, those items may only be placed and operated in designated areas assigned by the Board, Board committee or SURS staff, provided the areas are not limited to a location from which the recording device is not reasonably capable of making a recording. Arrangements shall be made with SURS staff at least 48 hours prior to the meeting to ensure the availability of space for recording devices and equipment.

- 6) Recording devices are not permitted to be placed or operated in any emergency exit pathways or aisles, including entrances and exits.
- 7) No recording device operated by a member of the public may be used to record a closed meeting.

g) Closed Meetings

- 1) Subject. The Board or a Board committee may hold closed meetings to consider any subject permitted under Section 2(c) of the Open Meetings Act, including the following subjects:
  - A) *The appointment, employment, compensation, discipline, performance, or dismissal of specific employees of SURS, including hearing testimony on a complaint lodged against an employee to determine its validity [5 ILCS 120/2(c)(1)];*
  - B) *Collective negotiating matters between SURS and its employees or their representatives, or deliberations concerning salary schedules for one or more classes of employees [5 ILCS 120/2(c)(2)];*
  - C) *Evidence or testimony presented in open hearing, or in closed hearing when specifically authorized by law, to a quasi-adjudicative body, provided that the body prepares and makes available for public inspection a written decision setting forth its determinative reasoning [5 ILCS 120/2(c)(4)];*
  - D) *The purchase or lease of real property for the use of SURS [5 ILCS 120/2(c)(5)];*
  - E) *The setting of a price for sale or lease of real property owned by SURS [5 ILCS 120/2(c)(6)];*
  - F) *The sale or purchase of securities, investments, or investment contracts [5 ILCS 120/2(c)(7)];*

- G) *Emergency security procedures and the use of personnel and equipment to respond to actual danger to the safety of employees, staff, or public property, provided that a description of the actual danger shall be made a part of the motion to close the meeting [5 ILCS 120/2(c)(8)];*
- H) *Litigation, when an action against, affecting or on behalf of SURS has been filed and is pending before a court or administrative tribunal, or when the Board or a Board committee finds that an action is probable or imminent, in which case the basis for the finding shall be recorded and entered into the minutes of the closed meeting [5 ILCS 120/2(c)(11)];*
- I) *Self evaluation, practices and procedures or professional ethics, when meeting with a representative of a statewide association of which SURS is a member [5 ILCS 120/2(c)(16)];*
- J) *The classification and discussion of matters classified as confidential or continued confidential by the State Employees Suggestion Award Board (see 20 ILCS 405/67.28) [5 ILCS 120/2(c)(20)]; and*
- K) *Discussion of minutes of closed meetings, whether for purposes of approval by the Board or Board committee of the minutes, or for purposes of semiannual review of the minutes [5 ILCS 120/2(c)(21)].*

2) Procedure

- A) **Vote.** Upon the majority vote of a quorum present of the Board or Board committee at an open meeting, the Board *may hold a meeting closed to the public or may close a portion of a meeting to the public.* The motion to close a meeting, or a portion of the meeting, shall *state a citation to the specific exemption set forth in Section 2 of the Open Meetings Act.* The vote of each member shall be taken by roll call vote, *shall be publicly disclosed, and shall be recorded and entered into the minutes of the meeting.*
- B) **Subject.** *Only topics specified in the vote to close may be considered during the closed meeting.*
- C) **Series of Meetings.** *A single vote may be taken with respect to a series of meetings, a portion or portions of which are proposed to be closed to the public, provided each meeting in the series involves the same particular matters and is scheduled to be held within no more than 3 months after the vote. [5 ILCS 120/2a]*

## h) Minutes of Meetings

### 1) Open Meetings

- A) Content. The Board or Board committee shall keep written minutes of all open meetings. The minutes shall include:
  - i) the date, time and place of the meeting;
  - ii) the members of the Board recorded as either present or absent, and whether the members were physically present or present by means of video or audio conference; and
  - iii) a summary of discussion on all matters proposed, deliberated, or decided, and a record of any votes taken.
- B) Public Inspection. The minutes of any open meeting shall be available for public inspection within 7 days after the approval of the minutes by the Board or Board committee.

### 2) Closed Meetings

- A) Content. The Board or Board committee *shall keep written minutes of all closed meetings. The minutes shall include:*
  - i) *the date, time and place of the meeting;*
  - ii) *the members of the Board recorded as either present or absent; and*
  - iii) *a summary of discussion on all matters proposed, deliberated, or decided, and a record of any votes taken.*
- B) Public Inspection. *The minutes of any closed meeting shall be available for public inspection only after the Board determines that it is no longer necessary to protect the public interest or the privacy of an individual by keeping the minutes confidential.*
- C) Semiannual Review. The Board *shall semiannually review minutes of all closed meetings. At closed meetings, a determination shall be made, and reported in an open session, that either:*
  - i) *the need for confidentiality still exists as to all or a part of those minutes; or*

- ii) *the minutes or portions of the minutes no longer require confidential treatment and are available for public inspection.* [5 ILCS 120/2.06]

- i) Address by Members of the Public

- 1) Notice. A person who wishes to address the Board or a Board committee shall provide written notice of the intent to make an address at least 48 hours prior to the scheduled commencement of the meeting of the Board or Board committee. The notice shall describe the identity of the speaker and the general subject matter of the address, and shall specify the Board committee or Board meeting at which the address will be made. A copy of any written materials that the person wishes to distribute to the Board or Board committee members during the address must be attached to the notice.
- 2) Time Allotment. The person may address the Board or Board committee concerning any matter that does not concern a resolution of final action on the agenda for no longer than 5 minutes at the end of the meeting of the Board or Board committee specified in the notice, unless otherwise permitted by the Board or Board committee. If the person wishes to address the Board or Board committee concerning a resolution of final action on the agenda, then the person may address the Board or Board committee for no longer than 5 minutes after the scheduled presentations on the resolution have concluded.

(Source: Amended at 37 Ill. Reg. 3866, effective March 15, 2013)

## **Joint Committee on Administrative Rules**

# **ADMINISTRATIVE CODE**

### **TITLE 80: PUBLIC OFFICIALS AND EMPLOYEES SUBTITLE D: RETIREMENT SYSTEMS CHAPTER II: STATE UNIVERSITIES RETIREMENT SYSTEM PART 1600 UNIVERSITIES RETIREMENT SECTION 1600.130 PROCUREMENT**

#### **Section 1600.130 Procurement**

- a) Introduction. It is the policy of SURS to obtain goods and services in the most economical manner in order to guarantee the efficient utilization of SURS resources. Resources of SURS shall be committed only with proper approval, as detailed in this Section.
- b) Purchase Orders. Employees requesting goods or services that cost more than \$500 and that are not part of a formal written contract shall complete a SURS purchase order form and receive written approval from the person designated by the Executive Director as the Procurement Officer prior to placing the order. Purchases of less than \$500 do not require a purchase order, but must be within the authority of the employee to purchase.
- c) Contract Policy. It is the policy of SURS to standardize the form and content of its contracts with public and private bodies in order to ensure compliance with applicable State law, to ensure fairness to all parties, and to maximize uniformity of language.
  - 1) Standard Addendum. In order to simplify the contracting process, SURS has developed a standard contract addendum that includes certifications considered advisable or required by State law. The standard addendum shall be completed and attached to (or incorporated within) all contracts and purchase orders entered into by SURS, but shall not be required for purchase orders of \$25,000 or less. Any variation from the terms of the standard addendum shall be



approved by SURS' General Counsel. The standard addendum may be revised by the General Counsel from time to time.

2) Written Contracts

A) Execution Requirements. All expenditures in excess of \$25,000 that are not otherwise covered by any exemption stated in this Section shall require a written contract reviewed and approved by legal counsel to SURS. Contracts in any amount shall be executed by the Executive Director or his or her designee, unless executed by the President of the Board. No goods or services may be acquired, nor work commenced (unless the vendor specifically assumes the risk of non-payment in the event no contract is entered into), prior to the execution of a contract as provided in this Section. A copy of each contract shall be retained by the Chief Financial Officer.

B) Signature Requirements

- i) Except as provided in subsection (c)(2)(B)(ii), contracts in excess of \$250,000 require the signatures of the Executive Director, the Chief Financial Officer and the General Counsel.
- ii) In addition to the requirements of subsection (c)(2)(B)(i), all contracts with persons who are fiduciaries with respect to any investments of SURS shall also be signed by the President of the Board, or his or her designee, except that the Executive Director's signature is sufficient with respect to investment management agreements or other contracts with Board-approved investment service providers and contract amendments with existing Board-approved investment service providers. The Executive Director shall provide a report of such execution, with a description of any contract or amendment

executed, to the Investment Committee of the Board at the next regularly scheduled meeting.

- d) Documentation and Bidding – Expenditures in Excess of \$50,000
  - 1) Employees shall seek to obtain the best value for SURS. Efforts to obtain the best value for SURS shall be documented where possible and retained by SURS. Expenditures in excess of \$50,000 require bids from at least three different sources, unless otherwise provided in this Section. Sole source procurements, or other procurements with fewer than three bids, for expenditures in excess of \$50,000 shall be justified and documented. If two or more identical bids are received, if an attempt to bribe an employee is made, or other irregularities are discovered by a SURS employee, the General Counsel and the Internal Auditor shall be notified.
  - 2) All procurements in excess of \$50,000, unless otherwise provided in this Section, shall be advertised in the official State newspaper, in the Illinois Procurement Bulletin, in SURS procurement bulletins, in appropriate media, or through electronic means such as the Internet. Notice shall be published on at least 3 separate dates with a minimum of 14 days between the first and the last publication date.
  - 3) All procurements for goods and services in excess of \$50,000, unless otherwise provided in this Section, shall be awarded by competitive proposals. Each request for proposal shall set forth a description of the items or services being procured, the material contractual terms and conditions, and the criteria for evaluating proposals. Awards made pursuant to competitive selection procedures shall be awarded to the responsible offeror whose proposal is determined to be most advantageous to SURS. SURS may directly negotiate with any offeror as to the terms of a proposal. Competitive proposals may be used to procure, but are not limited to, professional and artistic services, including legal, medical and related services, investment management and consulting, electronic data processing equipment, software and services, and

telecommunications equipment, software and services.

- 4) The following procurements do not require advertising or the use of competitive proposals:
  - A) Individual contracts for goods, services or construction not exceeding \$50,000;
  - B) Emergency procurements, such as when there exists a threat to public health or safety, or when immediate expenditure is necessary in order to protect against loss of or damage to SURS property or interests, or to prevent or minimize disruption in SURS services, or when necessary to prepare for anticipated litigation, enforcement actions, or investigations, or to protect the integrity or confidentiality of SURS records. A written determination must be made that an emergency exists; and
  - C) Utilities and other sole-source items.
- e) Purchasing
  - 1) Employees are allowed to make purchases provided that the goods or services are budgeted for, and a purchase order (for purchases in excess of \$500) is completed and has written approval in advance of placing the order, or a formal contract (for purchases in excess of \$25,000) is executed, and the provisions of this Section are complied with. Employees other than those designated by the Executive Director are not allowed to make purchases of office supplies, computer equipment, or software.
  - 2) SURS shall not pay Illinois sales tax. Employees must direct the vendor to exclude Illinois sales tax from invoices. Employees should also ask if discounted State rates are available for purchases.
  - 3) Invoices should be approved for payment within 30 days after the receipt of the invoice. Approval should not be given for goods and services that do not conform to SURS' requirements. The vendor shall be promptly notified in writing if SURS does not approve an invoice for payment and shall be advised of the reason for the denial. If approval is made after 30 days, a full

explanation should be attached to the invoice.

- 4) Advance payment for goods and services is discouraged. If advance payment is required, the employee shall complete a certification as specified in Section 9.05 of the State Finance Act [30 ILCS 105/9.05]. In the event that a voucher is submitted for advance payment, the voucher shall state on its face that the goods or services are being procured pursuant to a formal written contract the terms of which require advance payment. If it is not possible to execute a written contract, the voucher shall so state. The certification is not required for payment of conference fees, purchase of travel tickets, purchase of periodicals, and required deposits of less than \$500. The certification shall be in the following format:

"I certify that the goods or services specified on this contract or purchase order were for the use of this agency and that the expenditure for those goods or services was authorized and lawfully incurred; that the goods or services meet all the required standards set forth in the purchase order or contract to which this certification relates; and that the amount shown on this voucher is correct and is approved for payment."

Insert following sentence in certification if applicable:

"It is not possible to execute a formal written contract."

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

(Source: Amended at 38 Ill. Reg. 17457, effective July 30, 2014)

# STATE UNIVERSITIES RETIREMENT SYSTEM

## PROCUREMENT & PURCHASING POLICY

July 1, 2015

- 1 General Procurement Policy
- 2 Contract Requirements
- 3 Procurement Notice and Method Requirements
- 4 Purchasing Procedures

### PROCUREMENT & PURCHASING POLICY

#### 1 GENERAL PROCUREMENT POLICY

1.1 It is the policy of the State Universities Retirement System to obtain goods and services in the most economical manner in order to guarantee the efficient utilization of System resources. Resources of the System shall be committed only with the proper approvals as detailed in SURS purchasing procedures and the Title 80, Section 1600.130 of the Illinois Administrative Code (80 Ill. Admin. Code § 1600.130), entitled "Procurement."

1.2 Procurements for "investment services" as defined under Section 1-113.14 of the Illinois Pension Code (40 ILCS 5/1-113.14) shall comply with the requirements of that section and the Administrative Rule to the extent feasible, unless they conflict, in which case Section 1-113.14 shall control.

1.2 Employees requesting goods or services that cost more than \$500 that are not part of a formal written contract shall complete a purchase order form and receive written approval from the Procurement Officer prior to placing the order. The Procurement Officer is responsible for approving of goods or services requested on the purchase order form. The Procurement Officer reviews the submitted purchase order form documentation to ensure that the purchase complies with the policy and that the information shown on the form is accurate and within the budget. Purchases of less than \$500 do not require a purchase order, but must be within the authority of the employee to make the purchase. The SURS purchase order form is located on the Intranet.

#### 2 CONTRACT REQUIREMENTS

2.1 It is the policy of the State Universities Retirement System to standardize the form and content of its contracts with public and private bodies in order to ensure compliance with applicable state law, to ensure fairness to all parties and to maximize uniformity of language. The State of Illinois regulations require numerous certifications and clauses to be included in all contracts. In order to simplify the contracting process, SURS has developed a standard contract addendum that includes all required certifications. The contract addendum should be completed and attached to all contracts entered into by the System.

2.2 All expenditures in excess of \$25,000 which are not covered by state purchasing exemptions, shall require a written contract reviewed and approved by SURS legal counsel. Contracts in any amount shall be executed by the Executive Director or his/her designee, unless executed by the Chairperson of the

Board of Trustees. Contracts over \$250,000 require the signatures of the Executive Director, the Chief Financial Officer and General Counsel. No goods or services may be acquired nor work commenced prior to the execution of a contract as herein provided. The “in excess of \$25,000” contract requirement is cumulative on a fiscal year basis for the same type of goods or services. (What do you mean by same type of goods or services

Is \$12,500 purchase of envelopes and \$12,500 of paper the same?) To comply with this requirement, if a vendor is anticipated to provide the same type of goods or services as in a prior procurement, and the cumulative payments to the vendor is projected to exceed \$25,000 for the fiscal year, then a contract will be required for the remainder of the procurements for the fiscal year from that vendor. This applies even if the anticipated procurement will be equal to or less than \$25,000. However, if the vendor is not anticipated to provide the same type of goods or services, and the expenditure will be less than \$25,000, then no contract is needed for that procurement

2.3 Once it is determined that a contract is necessary, the following procedure is to be followed:

2.3.1 A contract number should be obtained from the Legal Department.

2.3.2 All contracts must be approved by the Legal Department before execution. Approved contracts will be stamped with the “Approved Legal Department” stamp.

2.3.3 All contracts should be signed by the Executive Director. The signature may be in an electronic format that complies with the requirements for electronic signatures under Section 5-120(b) of the Electronic Commerce Security Act (5 ILCS 175/) (ECSA). The Executive Director can authorize the following individuals to sign contracts in his absence per written instruction, so long as the contract has been approved by Legal and stamped indicating so: Chief Operating Officer, General Counsel, Chief Investment Officer, and the Chief Financial Officer.

2.3.4 Two original copies should be executed. One original will be maintained by the Legal Department, and one original will be forwarded to the vendor. If the contract so states, execution may be performed electronically as permitted by law. All contracts shall be catalogued and uploaded to an approved intranet contract tracking tool.

### **3 PROCUREMENT NOTICE AND METHOD REQUIREMENTS**

3.1 Efforts to obtain the best value for the System shall be documented and retained with the procurement request. Expenditures in excess of \$50,000 require bids or proposals from at least three different sources. Sole source or other procurements with less than three bids or proposals must be justified and documented. If two or more identical bids or proposals are received, if an attempt to bribe an employee is made, or other irregularities are discovered by a SURS employee, the General Counsel and Director of Internal Auditor shall be notified.

3.2 All procurements, unless specifically exempted in section 3.4, shall be advertised in the official State newspaper, in the Illinois Procurement Bulletin, in SURS procurement bulletins, in appropriate media or through electronic means such as the Internet on at least 3 separate dates with a minimum of 14 days between the first and last publication date

3.3 All procurements for goods and services in excess of \$50,000, unless otherwise provided in this Section shall be awarded by competitive sealed bidding or competitive sealed proposals. SURS may directly negotiate with any offer or as to the terms of a bid or proposal. Competitive bids or proposals, as applicable, may be used to procure, but are not limited to, professional and artistic services, including legal, medical and related services, investment management and consulting, electronic data processing equipment, software and services, and telecommunication equipment, software and services.

3.3.1 Competitive sealed bidding shall be used when procuring tangible goods, software licenses or subscriptions, or non-professional services. "Non-professional services" means work performed by an independent contractor that is not within the scope of the practice of accounting, actuarial services, architecture, dentistry, land surveying, landscape architecture, law, medicine, optometry, pharmacy, professional engineering, or the services of an economist. Competitive sealed bids shall be solicited by an Invitation for Bids. Each Invitation for Bids shall set forth a description of the items or services being procured and the material contractual terms and conditions. Competitive bidding shall be awarded to the lowest responsive and responsible bidder.

3.3.2 Competitive sealed proposals shall be used for professional or artistic services or in procurements where competitive sealed bidding is not practicable or advantageous; price is not the most critical factor. "Professional services" means work performed by an independent contractor that is within the scope of the practice of accounting, actuarial services, architecture, dentistry, land surveying, landscape architecture, law, medicine, optometry, pharmacy, professional engineering, or the services of an economist. Competitive sealed proposals shall be solicited through a Request for Proposals. Each Request for Proposal shall set forth a description of the items or services being procured, the material contractual terms and conditions, and the criteria for evaluating proposals. Competitive proposals shall be awarded on the basis of evaluative criteria that have been disclosed in the Request for Proposals.

3.4 The following procurements do not require advertising or the use of competitive sealed bidding or proposals:

3.4.1 Individual contracts for goods, services or construction not exceeding \$50,000. Any procurement that is anticipated to be at least \$10,000 and less than \$25,000 shall be awarded on the basis of at least three quotes. The procurement may be awarded based on evaluative criteria in addition to price if doing so would be advantageous to SURS.

3.4.2 Emergency procurements, such as when there exists a threat to public health or safety or when immediate expenditure is necessary in order to protect against loss of or damage to SURS property or interests; or to prevent or minimize disruption in SURS services due to an unforeseeable event or when necessary to prepare for anticipated litigation, enforcement actions, or investigations, or to protect the integrity or confidentiality of SURS records; provided that a written determination is made that an emergency exists; and

3.4.3 Utilities and sole-source procurements. A utility is a service that provides water, electricity, telephone, internet, or gas services. (Electricity, telephone, internet and gas have become not sole-source due to competition; I have an option from the City of Champaign to select my electricity provider) A sole-source procurement is a procurement when there is only one economically feasible source for the item or service. When a vendor has a consistent competitive advantage because of pricing agreements between the vendor and the original equipment manufacturer, the procurement shall be deemed to be sole-source. The authorized purchasing agent must file written justification for

the sole source procurement with the contract. Written justification shall be filed annually for a multi-year contract.

3.5 Per Vendor Limits (So if over \$100,000 vendor cumulative? If \$25,000 - \$100,000 same type of goods or services?)

3.5.1 If a procurement causes the aggregate, fiscal year expenditures with a vendor to exceed \$100,000, then the next procurement of any item or service provided by the vendor must be awarded by competitive sealed bidding or competitive sealed proposal.

3.5.2 If a procurement causes the aggregate, fiscal year expenditures with a vendor to exceed \$25,000, then the next procurement of any item or service provided by the vendor must be awarded on the basis of at least three quotes.

#### **4 PURCHASING PROCEDURES**

4.1 Employees are allowed to make purchases provided the goods or services are budgeted for, and a purchase order (for purchases >\$500) is completed and has written approval in advance of placing the order, or a formal contract (for purchases in excess of \$25,000) is executed, and the provisions of this Section are complied with. Employees other than those designated by the Executive Director are not allowed to make purchases of office supplies, computer equipment or software.

4.2 SURS shall not pay Illinois sales tax. Employees must direct the vendor to exclude these charges on invoices. Employees should also ask if discounted State rates are available for purchases.

4.3 Invoices should be approved for payment within 30 days after the receipt of the invoice. Approval should not be given for goods and services that do not conform to SURS' requirements. The vendor shall be promptly notified in writing if SURS does not approve an invoice for payment and advised of the reason for the denial. If approval is made after 30 days, a full explanation should be attached to the invoice.

4.4 Advance payment for goods or services is discouraged. If an advance payment is required, the employee shall complete a certification as specified in Section 9.05 of the State Finance Act [30 ILCS 105/9.05]. In the event that a voucher is submitted for advance payment, the voucher shall state on its face that the goods or services are being procured pursuant to a formal, written contract the terms of which require advance payment. If it is not possible to execute a written contract, the voucher shall so state. The certification is not required for payment of conference fees, purchase of travel tickets, purchase of periodicals, and required deposits of less than \$500.

The certification shall be in the following format:

"I certify that the goods or services specified on this contract or purchase order were for the use of this agency and that the expenditure for such goods or services was authorized and lawfully incurred; that such goods or services meet all the required standards set forth in the purchase order or contract to which this certification relates; and that the amount shown on this voucher is correct and is approved for payment."

Insert the following sentence if applicable:

"It is not possible to execute a formal written contract."

(Date)\_\_\_\_\_ (Signature)\_\_\_\_\_



**Information maintained by the Legislative Reference Bureau**

Updating the database of the Illinois Compiled Statutes (ILCS) is an ongoing process. Recent laws may not yet be included in the ILCS database, but they are found on this site as [Public Acts](#) soon after they become law. For information concerning the relationship between statutes and Public Acts, refer to the [Guide](#).

Because the statute database is maintained primarily for legislative drafting purposes, statutory changes are sometimes included in the statute database before they take effect. If the source note at the end of a Section of the statutes includes a Public Act that has not yet taken effect, the version of the law that is currently in effect may have already been removed from the database and you should refer to that Public Act to see the changes made to the current law.

**PENSIONS**  
**(40 ILCS 5/) Illinois Pension Code.**

(40 ILCS 5/Art. 1 heading)

ARTICLE 1. GENERAL PROVISIONS:

SHORT TITLE, EFFECT OF CODE AND OTHER PROVISIONS

(40 ILCS 5/1-101) (from Ch. 108 1/2, par. 1-101)

Sec. 1-101. Short title. This Code shall be known and may be cited as the Illinois Pension Code.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/1-101.1) (from Ch. 108 1/2, par. 1-101.1)

Sec. 1-101.1. Definitions. For purposes of this Article, unless the context otherwise requires, the words defined in the Sections following this Section and preceding Section 1-102 shall have meanings given in those Sections.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-101.2)

Sec. 1-101.2. Fiduciary. A person is a "fiduciary" with respect to a pension fund or retirement system established under this Code to the extent that the person:

(1) exercises any discretionary authority or discretionary control respecting management of the pension fund or retirement system, or exercises any authority or control respecting management or disposition of its assets;

(2) renders investment advice or renders advice on the selection of fiduciaries for a fee or other compensation, direct or indirect, with respect to any moneys or other property of the pension fund or retirement system, or has any authority or responsibility to do so; or

(3) has any discretionary authority or discretionary responsibility in the administration of the pension fund or retirement system.

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-101.3)

Sec. 1-101.3. Party in interest. A person is a "party in interest" with respect to a pension fund or retirement system established under this Code if the person is:

(1) a fiduciary, counsel, or employee of the pension fund or retirement system, or a relative of such a person;

(2) a person providing services to the pension fund or retirement system, or a relative of such a person;

(3) an employer, any of whose employees are covered by the pension fund or retirement system;

(4) an employee organization, any members of which are covered by the pension fund or retirement system; or

(5) an employee, officer, or director (or an individual having powers or responsibilities similar to those of an officer or director) of the pension fund or retirement system or of a person described under item (2), (3), or (4) of this Section.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-101.4)

Sec. 1-101.4. Investment adviser. A person is an "investment adviser", "investment advisor", or "investment manager" with respect to a pension fund or retirement system established under this Code if the person:

(1) is a fiduciary appointed by the board of trustees of the pension fund or retirement system in accordance with Section 1-109.1;

(2) has the power to manage, acquire, or dispose of any asset of the retirement system or pension fund;

(3) has acknowledged in writing that he or she is a fiduciary with respect to the pension fund or retirement system; and

(4) is at least one of the following: (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.); (ii) registered as an investment adviser under the Illinois Securities Law of 1953; (iii) a bank, as defined in the Investment Advisers Act of 1940; or (iv) an insurance company authorized to transact business in this State.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-101.5)

Sec. 1-101.5. Consultant. "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 monitor the board's investments. "Consultant" does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, services used to track compliance with legal standards, and investment fund of funds where the board has no direct contractual relationship with the investment advisers or partnerships. "Investment adviser" has the meaning ascribed to it in Section 1-101.4.

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-101.6)

Sec. 1-101.6. Transferor pension fund. "Transferor pension fund" means any pension fund established pursuant to Article 3 or 4 of this Code.

(Source: P.A. 101-610, eff. 1-1-20.)

(40 ILCS 5/1-102) (from Ch. 108 1/2, par. 1-102)

Sec. 1-102. Continuation of prior statutes.

The provisions of this Code insofar as they are the same or substantially the same as those of any prior statute, shall be construed as a continuation of such prior statute and not as a new enactment.

If in any other statute reference is made to an Act of the General Assembly, or a Section of such an Act, which is continued in this Code, such reference shall be held to refer to the Act or Section thereof so continued in this Code.  
(Source: Laws 1963, p. 161.)

(40 ILCS 5/1-103) (from Ch. 108 1/2, par. 1-103)  
Sec. 1-103. Effect of headings.

Article, Division and Section headings contained herein shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of any Article, Division or Section hereof.  
(Source: Laws 1963, p. 161.)

(40 ILCS 5/1-103.1) (from Ch. 108 1/2, par. 1-103.1)  
Sec. 1-103.1. Application of amendments.

Amendments to this Code which have been or may be enacted shall be applicable only to persons who, on or after the effective date thereof, are in service as an employee under the retirement system or pension fund covered by the Article which is amended, unless the amendatory Act specifies otherwise.  
(Source: P.A. 77-1415.)

(40 ILCS 5/1-103.2) (from Ch. 108 1/2, par. 1-103.2)

Sec. 1-103.2. The amendatory provisions of this amendatory Act of 1987 which provide for benefit increases effective July 1, 1987 or January 1, 1988 are intended to be retroactive to the dates specified therein, notwithstanding the provisions of Section 1-103.1.  
(Source: P.A. 85-941.)

(40 ILCS 5/1-103.3)

(Text of Section WITH the changes made by P.A. 98-599, which has been held unconstitutional)

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

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

(b) (Blank).

(c) Every 5 years, beginning in 1999, the Commission on Government Forecasting and Accountability, in consultation with the affected retirement systems and the Governor's Office of Management and Budget (formerly Bureau of the Budget), shall consider and determine whether the funding goals adopted in Articles 2, 14, 15, 16, and 18 of this Code continue to represent appropriate funding goals for those retirement systems, and it shall report its findings and recommendations on this subject to the Governor and the General Assembly.  
(Source: P.A. 98-599, eff. 6-1-14.)

(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)

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

(a) The provisions of this amendatory Act of 1994 that change the method of calculating, certifying, and paying the required State contributions to the retirement systems

established under Articles 2, 14, 15, 16, and 18 shall first apply to the State contributions required for State fiscal year 1996.

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

(c) Every 5 years, beginning in 1999, the Commission on Government Forecasting and Accountability, in consultation with the affected retirement systems and the Governor's Office of Management and Budget (formerly Bureau of the Budget), shall consider and determine whether the 90% funding ratio adopted in subsection (b) continues to represent an appropriate goal for State-funded retirement systems in Illinois, and it shall report its findings and recommendations on this subject to the Governor and the General Assembly.

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

(40 ILCS 5/1-104) (from Ch. 108 1/2, par. 1-104)

Sec. 1-104. Cross references.

Where, in this Code, reference is made to a Section, Division or Article by its number and no Act is specified, the reference is to the correspondingly numbered Section, Division or Article of this Code. Where reference is made to "this Article" or "this Division" or "this Section" and no Act is specified, the reference is to the Article, Division or Section of this Code in which the reference appears. If any Section, Division or Article of this Code is hereafter amended, the reference shall thereafter be treated and considered as a reference to the Section, Division or Article as so amended.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/1-104.1) (from Ch. 108 1/2, par. 1-104.1)

Sec. 1-104.1. Gender.

Words or phrases as used in this Code that import the masculine gender shall be construed to import also the feminine gender, unless such construction would be inconsistent with the manifest intention of the context.

(Source: P.A. 78-1129.)

(40 ILCS 5/1-104.2) (from Ch. 108 1/2, par. 1-104.2)

Sec. 1-104.2. Beginning January 1, 1986, children not conceived in lawful wedlock shall be entitled to the same benefits as other children, and no child's or survivor's benefit shall be disallowed because of the fact that the child was born out of wedlock; however, in cases where the father is the employee parent, paternity must first be established. Paternity may be established by any one of the following means: (1) acknowledgment by the father, or (2) adjudication before or after the death of the father, or (3) any other means acceptable to the board of trustees of the pension fund or retirement system.

(Source: P.A. 94-229, eff. 1-1-06.)

(40 ILCS 5/1-104.3)

Sec. 1-104.3. Adopted children. Notwithstanding any other

provision of this Code to the contrary, beginning on the effective date of this amendatory Act of the 95th General Assembly, legally adopted children shall be entitled to the same benefits as other children, and no child's or survivor's benefit shall be disallowed because the child is an adopted child. The provisions of this Section apply without regard to whether the employee or member was in service on or after the date of the adoption of the child.

(Source: P.A. 95-279, eff. 1-1-08.)

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

Sec. 1-105. Partial invalidity.

The invalidity of any provision of this Code shall not affect the validity of the remainder of this Code.

(Source: Laws 1963, p. 161.)

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

Sec. 1-106. Payment of distribution other than direct.

(a) The board of trustees of any retirement fund or system operating under this Code may, at the written direction and request of any annuitant, solely as an accommodation to the annuitant, pay the annuity due the annuitant to a bank, savings and loan association, or any other financial institution insured by an agency of the federal government, for deposit to the account of the annuitant, or to a bank, savings and loan association, or trust company for deposit in a trust established by the annuitant for his or her benefit with that bank, savings and loan association, or trust company. The annuitant may withdraw the direction at any time.

(b) Beginning January 1, 1993, each pension fund or retirement system operating under this Code may, and to the extent required by federal law shall, at the request of any person entitled to receive a refund, lump-sum benefit, or other nonperiodic distribution from the pension fund or retirement system, pay the distribution directly to any entity that (1) is designated in writing by the person, (2) is qualified under federal law to accept an eligible rollover distribution from a qualified plan, and (3) has agreed to accept the distribution.

(Source: P.A. 96-586, eff. 8-18-09.)

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

Sec. 1-107. Indemnification of trustees, consultants and employees of retirement systems and pension funds. Every retirement system, pension fund or other system or fund established under this Code may indemnify and protect the trustees, staff and consultants against all damage claims and suits, including defense thereof, when damages are sought for negligent or wrongful acts alleged to have been committed in the scope of employment or under the direction of the trustees. However, the trustees, staff and consultants shall not be indemnified for wilful misconduct and gross negligence. Each board is authorized to insure against loss or liability of the trustees, staff and consultants which may result from these damage claims. This insurance shall be carried in a company which is licensed to write such coverage in this State.

(Source: P.A. 80-1364.)

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

Sec. 1-108. (a) In any proceeding commenced against an employee of a pension fund, alleging a civil wrong arising out

of any act or omission occurring within the scope of the employee's pension fund employment, unless the court or the jury finds that the conduct which gave rise to the claim was intentional, wilful or wanton misconduct, the pension fund shall indemnify the employee for any damages awarded and court costs and attorneys' fees assessed as part of any final and unreversed judgment and any attorneys' fees, court costs and litigation expenses incurred by the employee in defending the claim. In any such proceeding if a majority of the board or trustees who are not a party to the action determine that the conduct which gave rise to the claim was not intentional, wilful or wanton misconduct, the board or trustees may agree to settlement of the proceeding and the pension fund shall indemnify the employee for any damages, court costs and attorneys' fees agreed to as part of the settlement and any attorneys' fees, court costs and litigation expenses incurred in defending the claim.

(b) No employee of a pension fund shall be entitled to indemnification under this Section unless within 15 days after receipt by the employee of service of process, he shall give written notice of such proceeding to the pension fund.

(c) Each pension fund may insure against loss or liability of employees which may arise as a result of these claims. This insurance shall be carried by a company authorized to provide such coverage in this State.

(d) Nothing contained or implied in this Section shall operate, or be construed or applied, to deprive the State or a pension fund, or any other employee thereof, of any immunity or any defense heretofore available.

(e) This Section shall apply regardless of whether the employee is sued in his or her individual or official capacity.

(f) This Section shall not apply to claims for bodily injury or damage to property arising from motor vehicle accidents.

(g) This Section shall apply to all proceedings filed on or after its effective date, and to any proceeding pending on its effective date, if the pension fund employee gives notice to the pension fund within 30 days of the Act's effective date.

(Source: P.A. 80-1078.)

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

Sec. 1-109. Duties of Fiduciaries. A fiduciary with respect to a retirement system or pension fund established under this Code shall discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and:

(a) For the exclusive purpose of:

(1) Providing benefits to participants and their beneficiaries; and

(2) Defraying reasonable expenses of administering the retirement system or pension fund;

(b) With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims;

(c) By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(d) In accordance with the provisions of the Article of the Pension Code governing the retirement system or pension fund.

(Source: P.A. 82-960.)

(40 ILCS 5/1-109.1) (from Ch. 108 1/2, par. 1-109.1)

Exhibit 1

(b) Allocate duties among themselves and designate others as fiduciaries to carry out specific fiduciary activities other than the management of the assets of the retirement system or pension fund.

(4) For the purposes of this Code, "emerging investment manager" means a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a "minority-owned business", "women-owned business" or "business owned by a person with a disability" as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

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disability. The goals established shall be based on the percentage of total dollar amount of investment service contracts let to minority-owned businesses, women-owned businesses, and businesses owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. The retirement system, pension fund, or investment board shall annually review the goals established under this subsection.

If in any case an emerging investment manager meets the criteria established by a board for a specific search and meets the criteria established by a consultant for that search, then that emerging investment manager shall receive an invitation by the board of trustees, or an investment committee of the board of trustees, to present his or her firm for final consideration of a contract. In the case where multiple emerging investment managers meet the criteria of this Section, the staff may choose the most qualified firm or firms to present to the board.

The use of an emerging investment manager does not constitute a transfer of investment authority for the purposes of subsection (2) of this Section.

(5) Each retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall establish a policy that sets forth goals for increasing the racial, ethnic, and gender diversity of its fiduciaries, including its consultants and senior staff. Each retirement system, pension fund, or investment board shall make its best efforts to ensure that the racial and ethnic makeup of its senior administrative staff represents the racial and ethnic makeup of its membership. Each system, fund, and investment board shall annually review the goals established under this subsection.

(6) On or before January 1, 2010, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for utilization of businesses owned by minorities, women, and persons with disabilities for all contracts and services. The goals established shall be based on the percentage of total dollar amount of all contracts let to minority-owned businesses, women-owned businesses, and businesses owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. The retirement system, pension fund, or investment board shall annually review the goals established under this subsection.

(7) On or before January 1, 2010, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for increasing the utilization of minority broker-dealers. For the purposes of this Code, "minority broker-dealer" means a qualified broker-dealer who meets the definition of "minority-owned business", "women-owned business", or "business owned by a person with a disability", as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. The retirement system, pension fund, or investment board shall annually review the goals established under this Section.

(8) Each retirement system, pension fund, and investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall submit a report to the Governor and the General Assembly by January 1 of each year that includes the following: (i) the policy adopted under subsection (4) of this Section, including the names and addresses of the emerging investment managers used, percentage



of the assets under the investment control of emerging investment managers for the 3 separate goals, and 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; (ii) the policy adopted under subsection (5) of this Section; (iii) the policy adopted under subsection (6) of this Section; (iv) the policy adopted under subsection (7) of this Section, including specific actions undertaken to increase the use of minority broker-dealers; and (v) the policy adopted under subsection (9) of this Section.

(9) On or before February 1, 2015, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for increasing the utilization of minority investment managers. For the purposes of this Code, "minority investment manager" means a qualified investment manager that manages an investment portfolio and meets the definition of "minority-owned business", "women-owned business", or "business owned by a person with a disability", as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

It is hereby declared to be the public policy of the State of Illinois to encourage the trustees of public employee retirement systems, pension funds, and investment boards to use minority investment managers in managing their systems' assets, encompassing all asset classes, and to increase the racial, ethnic, and gender diversity of their fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence, and to take affirmative steps to remove any barriers to the full participation in investment opportunities afforded by those retirement systems, pension funds, and investment boards.

The retirement system, pension fund, or investment board shall establish 3 separate goals for: (i) minority investment managers that are minority-owned businesses; (ii) minority investment managers that are women-owned businesses; and (iii) minority investment managers that are businesses owned by a person with a disability. The retirement system, pension fund, or investment board shall annually review the goals established under this Section.

If in any case a minority investment manager meets the criteria established by a board for a specific search and meets the criteria established by a consultant for that search, then that minority investment manager shall receive an invitation by the board of trustees, or an investment committee of the board of trustees, to present his or her firm for final consideration of a contract. In the case where multiple minority investment managers meet the criteria of this Section, the staff may choose the most qualified firm or firms to present to the board.

The use of a minority investment manager does not constitute a transfer of investment authority for the purposes of subsection (2) of this Section.

(10) Beginning January 1, 2016, it shall be the aspirational goal for a retirement system, pension fund, or investment board subject to this Code to use emerging investment managers for not less than 20% of the total funds under management. Furthermore, it shall be the aspirational goal that not less than 20% of investment advisors be minorities, women, and persons with disabilities as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. It shall be the aspirational goal to utilize businesses owned by minorities, women, and persons with disabilities for not less than 20% of contracts awarded for "information

technology services", "accounting services", "insurance brokers", "architectural and engineering services", and "legal services" as those terms are defined in the Act.  
(Source: P.A. 99-462, eff. 8-25-15; 100-391, eff. 8-25-17; 100-902, eff. 8-17-18.)

(40 ILCS 5/1-109.2) (from Ch. 108 1/2, par. 1-109.2)

Sec. 1-109.2. Extent of Cofiduciary Duties. (a) (1) Except to the extent otherwise required in subsection (b) of this Section, a fiduciary of a retirement system or pension fund to whom a specified duty has not been allocated shall not be responsible or liable for an act or omission, in connection with that duty, by the fiduciary to whom that duty has been allocated, except to the extent that the allocation, or the continuation thereof, is a violation of Section 1-109 of this Code. Nothing in this paragraph (1) shall be construed to relieve a fiduciary from responsibility or liability for any act by that fiduciary.

(2) Except to the extent otherwise required in subsection (b) of this Section a fiduciary shall not be responsible or liable for an act or omission, in connection with a specific fiduciary activity, by any other person who has been designated to carry out that fiduciary activity, except to the extent that the designation, or the continuation thereof at any time under the circumstances then prevailing, is a violation of Section 1-109 of this Code. Nothing in this paragraph (2) shall be construed to relieve a fiduciary from responsibility for any act by that fiduciary.

(b) With respect to any retirement system or pension fund established under this Code:

(1) Each trustee shall use reasonable care to prevent any other trustee from committing a breach of duty; and

(2) Subject to the provisions of Section 22A-113 of this Code, all trustees shall jointly manage and control the assets of the retirement system or pension fund.

Nothing in this subsection (b) shall be construed to attribute a duty to a trustee which would be inconsistent with the appointment of, and delegation of authority to, an investment manager in accordance with paragraph (a) of Section 1-109.1 of this Code.

(Source: P.A. 82-960.)

(40 ILCS 5/1-109.3)

Sec. 1-109.3. Training requirement for pension trustees.

(a) All elected and appointed trustees under Article 3 and 4 of this Code must participate in a mandatory trustee certification training seminar that consists of at least 16 hours of initial trustee certification at a training facility that is accredited and affiliated with a State of Illinois certified college or university. This training must include without limitation all of the following:

(1) Duties and liabilities of a fiduciary with respect to the administration and payment of pension benefits.

(2) Adjudication of pension claims.

(3) (Blank).

(4) Trustee ethics.

(5) The Illinois Open Meetings Act.

(6) The Illinois Freedom of Information Act.

The training required under this subsection (a) must be completed within the first year that a trustee is elected or appointed under an Article 3 or 4 pension fund. Any trustee who has completed the training required under Section 1.05 of the

Open Meetings Act shall not be required to participate in training concerning item (5) of this subsection. The elected and appointed trustees of an Article 3 or 4 pension fund who are police officers (as defined in Section 3-106 of this Code) or firefighters (as defined in Section 4-106 of this Code) or are employed by the municipality shall be permitted time away from their duties to attend such training without reduction of accrued leave or benefit time. Active or appointed trustees serving on the effective date of this amendatory Act of the 96th General Assembly shall not be required to attend the training required under this subsection (a).

(a-5) In addition to the initial trustee certification training required under subsection (a), all elected and appointed trustees who were elected or appointed on or before the effective date of this amendatory Act of the 101st General Assembly shall also participate in 4 hours of training on the changes made by this amendatory Act of the 101st General Assembly. For trustees of funds under Article 3, this training shall be conducted at a training facility that is accredited and affiliated with a State of Illinois certified college or university. For trustees of funds under Article 4, this training may be conducted by a fund, the Department of Insurance, or both a fund and the Department of Insurance. This training is only required to be completed once by each trustee required to participate.

(b) In addition to the initial trustee certification training required under subsection (a), all elected and appointed trustees under Article 3 and 4 of this Code, including trustees serving on the effective date of this amendatory Act of the 96th General Assembly, shall also participate in a minimum of 8 hours of continuing trustee education each year after the first year that the trustee is elected or appointed.

(c) The training required under this Section shall be paid for by the pension fund.

(d) Any board member who does not timely complete the training required under this Section is not eligible to serve on the board of trustees of an Article 3 or 4 pension fund, unless the board member completes the missed training within 6 months after the date the member failed to complete the required training. In the event of a board member's failure to complete the required training, a successor shall be appointed or elected, as applicable, for the unexpired term. A successor who is elected under such circumstances must be elected at a special election called by the board and conducted in the same manner as a regular election under Article 3 or 4, as applicable.

(Source: P.A. 101-610, eff. 1-1-20.)

(40 ILCS 5/1-110) (from Ch. 108 1/2, par. 1-110)  
Sec. 1-110. Prohibited Transactions.

(a) A fiduciary with respect to a retirement system, pension fund, or investment board shall not cause the retirement system or pension fund to engage in a transaction if he or she knows or should know that such transaction constitutes a direct or indirect:

(1) Sale or exchange, or leasing of any property from the retirement system or pension fund to a party in interest for less than adequate consideration, or from a party in interest to a retirement system or pension fund for more than adequate consideration.

(2) Lending of money or other extension of credit from the retirement system or pension fund to a party in interest without the receipt of adequate security and a reasonable rate of interest, or from a party in interest to a retirement system or pension fund with the provision of

excessive security or an unreasonably high rate of interest.

(3) Furnishing of goods, services or facilities from the retirement system or pension fund to a party in interest for less than adequate consideration, or from a party in interest to a retirement system or pension fund for more than adequate consideration.

(4) Transfer to, or use by or for the benefit of, a party in interest of any assets of a retirement system or pension fund for less than adequate consideration.

(b) A fiduciary with respect to a retirement system or pension fund established under this Code shall not:

(1) Deal with the assets of the retirement system or pension fund in his own interest or for his own account;

(2) In his individual or any other capacity act in any transaction involving the retirement system or pension fund on behalf of a party whose interests are adverse to the interests of the retirement system or pension fund or the interests of its participants or beneficiaries; or

(3) Receive any consideration for his own personal account from any party dealing with the retirement system or pension fund in connection with a transaction involving the assets of the retirement system or pension fund.

(c) Nothing in this Section shall be construed to prohibit any trustee from:

(1) Receiving any benefit to which he may be entitled as a participant or beneficiary in the retirement system or pension fund.

(2) Receiving any reimbursement of expenses properly and actually incurred in the performance of his duties with the retirement system or pension fund.

(3) Serving as a trustee in addition to being an officer, employee, agent or other representative of a party in interest.

(d) A fiduciary of a pension fund established under Article 3 or 4 shall not knowingly cause or advise the pension fund to engage in an investment transaction when the fiduciary (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 business relationship with that investment adviser that would result in a pecuniary benefit to the fiduciary as a result of the investment transaction.

Violation of this subsection (d) is a Class 4 felony.

(e) A board member, employee, or consultant with respect to a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2, shall not knowingly cause or advise the retirement system, pension fund, or investment 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, or consultant or spouse of such board member, employee, or consultant as a result of the investment transaction. For purposes of this subsection (e), a consultant includes an employee or agent of a consulting firm who has greater than 7.5% ownership of the consulting firm.

Violation of this subsection (e) is a Class 4 felony.

(Source: P.A. 95-950, eff. 8-29-08; 96-6, eff. 4-3-09.)

(40 ILCS 5/1-110.5)

Sec. 1-110.5. (Repealed).

(Source: P.A. 94-79, eff. 1-27-06. Repealed by P.A. 95-521, eff.

8-28-07.)

(40 ILCS 5/1-110.6)

Sec. 1-110.6. Transactions prohibited by retirement systems; Republic of the Sudan.

(a) The Government of the United States has determined that Sudan is a nation that sponsors terrorism and genocide. The General Assembly finds that acts of terrorism have caused injury and death to Illinois and United States residents who serve in the United States military, and pose a significant threat to safety and health in Illinois. The General Assembly finds that public employees and their families, including police officers and firefighters, are more likely than others to be affected by acts of terrorism. The General Assembly finds that Sudan continues to solicit investment and commercial activities by forbidden entities, including private market funds. The General Assembly finds that investments in forbidden entities are inherently and unduly risky, not in the interests of public pensioners and Illinois taxpayers, and against public policy. The General Assembly finds that Sudan's capacity to sponsor terrorism and genocide depends on or is supported by the activities of forbidden entities. The General Assembly further finds and re-affirms that the people of the State, acting through their representatives, do not want to be associated with forbidden entities, genocide, and terrorism.

(b) For purposes of this Section:

"Business operations" means maintaining, selling, or leasing equipment, facilities, personnel, or any other apparatus of business or commerce in the Republic of the Sudan, including the ownership or possession of real or personal property located in the Republic of the Sudan.

"Certifying company" means a company that (1) directly provides asset management services or advice to a retirement system or (2) as directly authorized or requested by a retirement system (A) identifies particular investment options for consideration or approval; (B) chooses particular investment options; or (C) allocates particular amounts to be invested. If no company meets the criteria set forth in this paragraph, then "certifying company" shall mean the retirement system officer who, as designated by the board, executes the investment decisions made by the board, or, in the alternative, the company that the board authorizes to complete the certification as the agent of that officer.

"Company" is any entity capable of affecting commerce, including but not limited to (i) a government, government agency, natural person, legal person, sole proprietorship, partnership, firm, corporation, subsidiary, affiliate, franchisor, franchisee, joint venture, trade association, financial institution, utility, public franchise, provider of financial services, trust, or enterprise; and (ii) any association thereof.

"Department" means the Public Pension Division of the Department of Financial and Professional Regulation.

"Forbidden entity" means any of the following:

(1) The government of the Republic of the Sudan and any of its agencies, including but not limited to political units and subdivisions;

(2) Any company that is wholly or partially managed or controlled by the government of the Republic of the Sudan and any of its agencies, including but not limited to political units and subdivisions;

(3) Any company (i) that is established or organized under the laws of the Republic of the Sudan or (ii) whose principal place of business is in the Republic of the Sudan;

(4) Any company (i) identified by the Office of Foreign Assets Control in the United States Department of the Treasury as sponsoring terrorist activities in the Republic of the Sudan; or (ii) fined, penalized, or sanctioned by the Office of Foreign Assets Control in the United States Department of the Treasury for any violation of any United States rules and restrictions relating to the Republic of the Sudan that occurred at any time following the effective date of this Act;

(5) Any publicly traded company that is individually identified by an independent researching firm that specializes in global security risk and that has been retained by a certifying company as provided in subsection (c) of this Section as being a company that owns or controls property or assets located in, has employees or facilities located in, provides goods or services to, obtains goods or services from, has distribution agreements with, issues credits or loans to, purchases bonds or commercial paper issued by, or invests in (A) the Republic of the Sudan; or (B) any company domiciled in the Republic of the Sudan; and

(6) Any private market fund that fails to satisfy the requirements set forth in subsections (d) and (e) of this Section.

Notwithstanding the foregoing, the term "forbidden entity" shall exclude (A) mutual funds that meet the requirements of item (iii) of paragraph (13) of Section 1-113.2 and (B) companies that transact business in the Republic of the Sudan under the law, license, or permit of the United States, including a license from the United States Department of the Treasury, and companies, except agencies of the Republic of the Sudan, who are certified as Non-Government Organizations by the United Nations, or who engage solely in (i) the provision of goods and services intended to relieve human suffering or to promote welfare, health, religious and spiritual activities, and education or humanitarian purposes; or (ii) journalistic activities.

"Private market fund" means any private equity fund, private equity fund of funds, venture capital fund, hedge fund, hedge fund of funds, real estate fund, or other investment vehicle that is not publicly traded.

"Republic of the Sudan" means those geographic areas of the Republic of Sudan that are subject to sanction or other restrictions placed on commercial activity imposed by the United States Government due to an executive or congressional declaration of genocide.

"Retirement system" means the State Employees' Retirement System of Illinois, the Judges Retirement System of Illinois, the General Assembly Retirement System, the State Universities Retirement System, and the Teachers' Retirement System of the State of Illinois.

(c) A retirement system shall not transfer or disburse funds to, deposit into, acquire any bonds or commercial paper from, or otherwise loan to or invest in any entity unless, as provided in this Section, a certifying company certifies to the retirement system that, (1) with respect to investments in a publicly traded company, the certifying company has relied on information provided by an independent researching firm that specializes in global security risk and (2) 100% of the retirement system's assets for which the certifying company provides services or advice are not and have not been invested or reinvested in any forbidden entity at any time after 4 months after the effective date of this Section.

The certifying company shall make the certification required under this subsection (c) to a retirement system 6 months after the effective date of this Section and annually thereafter. A

retirement system shall submit the certifications to the Department, and the Department shall notify the Secretary of Financial and Professional Regulation if a retirement system fails to do so.

(d) With respect to a commitment or investment made pursuant to a written agreement executed prior to the effective date of this Section, each private market fund shall submit to the appropriate certifying company, at no additional cost to the retirement system:

(1) an affidavit sworn under oath in which an expressly authorized officer of the private market fund avers that the private market fund (A) does not own or control any property or asset located in the Republic of the Sudan and (B) does not conduct business operations in the Republic of the Sudan; or

(2) a certificate in which an expressly authorized officer of the private market fund certifies that the private market fund, based on reasonable due diligence, has determined that, other than direct or indirect investments in companies certified as Non-Government Organizations by the United Nations, the private market fund has no direct or indirect investment in any company (A) organized under the laws of the Republic of the Sudan; (B) whose principal place of business is in the Republic of the Sudan; or (C) that conducts business operations in the Republic of the Sudan. Such certificate shall be based upon the periodic reports received by the private market fund, and the private market fund shall agree that the certifying company, directly or through an agent, or the retirement system, as the case may be, may from time to time review the private market fund's certification process.

(e) With respect to a commitment or investment made pursuant to a written agreement executed after the effective date of this Section, each private market fund shall, at no additional cost to the retirement system:

(1) submit to the appropriate certifying company an affidavit or certificate consistent with the requirements pursuant to subsection (d) of this Section; or

(2) enter into an enforceable written agreement with the retirement system that provides for remedies consistent with those set forth in subsection (g) of this Section if any of the assets of the retirement system shall be transferred, loaned, or otherwise invested in any company that directly or indirectly (A) has facilities or employees in the Republic of the Sudan or (B) conducts business operations in the Republic of the Sudan.

(f) In addition to any other penalties and remedies available under the law of Illinois and the United States, any transaction, other than a transaction with a private market fund that is governed by subsections (g) and (h) of this Section, that violates the provisions of this Act shall be against public policy and voidable, at the sole discretion of the retirement system.

(g) If a private market fund fails to provide the affidavit or certification required in subsections (d) and (e) of this Section, then the retirement system shall, within 90 days, divest, or attempt in good faith to divest, the retirement system's interest in the private market fund, provided that the Board of the retirement system confirms through resolution that the divestment does not have a material and adverse impact on the retirement system. The retirement system shall immediately notify the Department, and the Department shall notify all other retirement systems, as soon as practicable, by posting the name of the private market fund on the Department's Internet website or through e-mail communications. No other retirement system may

enter into any agreement under which the retirement system directly or indirectly invests in the private market fund unless the private market fund provides that retirement system with the affidavit or certification required in subsections (d) and (e) of this Section and complies with all other provisions of this Section.

(h) If a private market fund fails to fulfill its obligations under any agreement provided for in paragraph (2) of subsection (e) of this Section, the retirement system shall immediately take legal and other action to obtain satisfaction through all remedies and penalties available under the law and the agreement itself. The retirement system shall immediately notify the Department, and the Department shall notify all other retirement systems, as soon as practicable, by posting the name of the private market fund on the Department's Internet website or through e-mail communications, and no other retirement system may enter into any agreement under which the retirement system directly or indirectly invests in the private market fund.

(i) This Section shall have full force and effect during any period in which the Republic of the Sudan, or the officials of the government of that Republic, are subject to sanctions authorized under any statute or executive order of the United States or until such time as the State Department of the United States confirms in the federal register or through other means that the Republic of the Sudan is no longer subject to sanctions by the government of the United States.

(j) If any provision of this Section or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect other provisions or applications of this Section that can be given effect without the invalid provision or application.

(Source: P.A. 95-521, eff. 8-28-07.)

(40 ILCS 5/1-110.10)

Sec. 1-110.10. Servicer certification.

(a) For the purposes of this Section:

"Illinois finance entity" means any entity chartered under the Illinois Banking Act, the Savings Bank Act, the Illinois Credit Union Act, or the Illinois Savings and Loan Act of 1985 and any person or entity licensed under the Residential Mortgage License Act of 1987, the Consumer Installment Loan Act, or the Sales Finance Agency Act.

"Retirement system or pension fund" means a retirement system or pension fund established under this Code.

(b) In order for an Illinois finance entity to be eligible for investment or deposit of retirement system or pension fund assets, the Illinois finance entity must annually certify that it complies with the requirements of the High Risk Home Loan Act and the rules adopted pursuant to that Act that are applicable to that Illinois finance entity. For Illinois finance entities with whom the retirement system or pension fund is investing or depositing assets on the effective date of this Section, the initial certification required under this Section shall be completed within 6 months after the effective date of this Section. For Illinois finance entities with whom the retirement system or pension fund is not investing or depositing assets on the effective date of this Section, the initial certification required under this Section must be completed before the retirement system or pension fund may invest or deposit assets with the Illinois finance entity.

(c) A retirement system or pension fund shall submit the certifications to the Public Pension Division of the Department of Financial and Professional Regulation, and the Division shall notify the Secretary of Financial and Professional Regulation if



a retirement system or pension fund fails to do so.

(d) If an Illinois finance entity fails to provide an initial certification within 6 months after the effective date of this Section or fails to submit an annual certification, then the retirement system or pension fund shall notify the Illinois finance entity. The Illinois finance entity shall, within 30 days after the date of notification, either (i) notify the retirement system or pension fund of its intention to certify and complete certification or (ii) notify the retirement system or pension fund of its intention to not complete certification. If an Illinois finance entity fails to provide certification, then the retirement system or pension fund shall, within 90 days, divest, or attempt in good faith to divest, the retirement system's or pension fund's assets with that Illinois finance entity. The retirement system or pension fund shall immediately notify the Department of the Illinois finance entity's failure to provide certification.

(e) If any provision of this Section or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect other provisions or applications of this Section that can be given effect without the invalid provision or application.

(Source: P.A. 95-521, eff. 8-28-07; 95-876, eff. 8-21-08.)

(40 ILCS 5/1-110.15)

Sec. 1-110.15. Transactions prohibited by retirement systems; Iran.

(a) As used in this Section:

"Active business operations" means all business operations that are not inactive business operations.

"Business operations" means engaging in commerce in any form in Iran, including, but not limited to, acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.

"Company" means any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association, including all wholly owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates of those entities or business associations, that exists for the purpose of making profit.

"Direct holdings" in a company means all securities of that company that are held directly by the retirement system or in an account or fund in which the retirement system owns all shares or interests.

"Inactive business operations" means the mere continued holding or renewal of rights to property previously operated for the purpose of generating revenues but not presently deployed for that purpose.

"Indirect holdings" in a company means all securities of that company which are held in an account or fund, such as a mutual fund, managed by one or more persons not employed by the retirement system, in which the retirement system owns shares or interests together with other investors not subject to the provisions of this Section.

"Mineral-extraction activities" include exploring, extracting, processing, transporting, or wholesale selling or trading of elemental minerals or associated metal alloys or oxides (ore), including gold, copper, chromium, chromite, diamonds, iron, iron ore, silver, tungsten, uranium, and zinc.

"Oil-related activities" include, but are not limited to, owning rights to oil blocks; exporting, extracting, producing,



The retirement system may retain an independent research firm to identify scrutinized companies in which the retirement system has direct or indirect holdings. By the first meeting of the retirement system following the 90-day period described in this subsection (b), the retirement system shall assemble all scrutinized companies identified into a scrutinized companies list.

The retirement system shall update the scrutinized companies list annually based on evolving information from, among other sources, those listed in this subsection (b).

(c) The retirement system shall adhere to the following procedures for companies on the scrutinized companies list:

(1) The retirement system shall determine the companies on the scrutinized companies list in which the retirement system owns direct or indirect holdings.

(2) For each company identified in item (1) of this subsection (c) that has only inactive business operations, the retirement system shall send a written notice informing the company of this Section and encouraging it to continue to refrain from initiating active business operations in Iran until it is able to avoid scrutinized business operations. The retirement system shall continue such correspondence semiannually.

(3) For each company newly identified in item (1) of this subsection (c) that has active business operations, the retirement system shall send a written notice informing the company of its scrutinized company status and that it may become subject to divestment by the retirement system. The notice must inform the company of the opportunity to clarify its Iran-related activities and encourage the company, within 90 days, to cease its scrutinized business operations or convert such operations to inactive business operations in order to avoid qualifying for divestment by the retirement system.

(4) If, within 90 days after the retirement system's first engagement with a company pursuant to this subsection (c), that company ceases scrutinized business operations, the company shall be removed from the scrutinized companies list and the provisions of this Section shall cease to apply to it unless it resumes scrutinized business operations. If, within 90 days after the retirement system's first engagement, the company converts its scrutinized active business operations to inactive business operations, the company is subject to all provisions relating thereto.

(d) If, after 90 days following the retirement system's first engagement with a company pursuant to subsection (c), the company continues to have scrutinized active business operations, and only while such company continues to have scrutinized active business operations, the retirement system shall sell, redeem, divest, or withdraw all publicly traded securities of the company, except as provided in paragraph (f), from the retirement system's assets under management within 12 months after the company's most recent appearance on the scrutinized companies list.

If a company that ceased scrutinized active business operations following engagement pursuant to subsection (c) resumes such operations, this subsection (d) immediately applies, and the retirement system shall send a written notice to the company. The company shall also be immediately reintroduced onto the scrutinized companies list.

(e) The retirement system may not acquire securities of companies on the scrutinized companies list that have active business operations, except as provided in subsection (f).

(f) A company that the United States Government affirmatively declares to be excluded from its present or any

future federal sanctions regime relating to Iran is not subject to divestment or the investment prohibition pursuant to subsections (d) and (e).

(g) Notwithstanding the provisions of this Section, paragraphs (d) and (e) do not apply to indirect holdings in a private market fund. However, the retirement system shall submit letters to the managers of those investment funds containing companies that have scrutinized active business operations requesting that they consider removing the companies from the fund or create a similar actively managed fund having indirect holdings devoid of the companies. If the manager creates a similar fund, the retirement system shall replace all applicable investments with investments in the similar fund in an expedited timeframe consistent with prudent investing standards.

(h) The retirement system shall file a report with the Public Pension Division of the Department of Financial and Professional Regulation that includes the scrutinized companies list within 30 days after the list is created. This report shall be made available to the public.

The retirement system shall file an annual report with the Public Pension Division, which shall be made available to the public, that includes all of the following:

(1) A summary of correspondence with companies engaged by the retirement system under items (2) and (3) of subsection (c).

(2) All investments sold, redeemed, divested, or withdrawn in compliance with subsection (d).

(3) All prohibited investments under subsection (e).

(4) A summary of correspondence with private market funds notified under subsection (g).

(i) This Section expires upon the occurrence of any of the following:

(1) The United States revokes all sanctions imposed against the Government of Iran.

(2) The Congress or President of the United States declares that the Government of Iran has ceased to acquire weapons of mass destruction and to support international terrorism.

(3) The Congress or President of the United States, through legislation or executive order, declares that mandatory divestment of the type provided for in this Section interferes with the conduct of United States foreign policy.

(j) With respect to actions taken in compliance with this Act, including all good-faith determinations regarding companies as required by this Act, the retirement system is exempt from any conflicting statutory or common law obligations, including any fiduciary duties under this Article and any obligations with respect to choice of asset managers, investment funds, or investments for the retirement system's securities portfolios.

(k) Notwithstanding any other provision of this Section to the contrary, the retirement system may cease divesting from scrutinized companies pursuant to subsection (d) or reinvest in scrutinized companies from which it divested pursuant to subsection (d) if clear and convincing evidence shows that the value of investments in scrutinized companies with active scrutinized business operations becomes equal to or less than 0.5% of the market value of all assets under management by the retirement system. Cessation of divestment, reinvestment, or any subsequent ongoing investment authorized by this Section is limited to the minimum steps necessary to avoid the contingency set forth in this subsection (k). For any cessation of divestment, reinvestment, or subsequent ongoing investment authorized by this Section, the retirement system shall provide a written report to the Public Pension Division in advance of

initial reinvestment, updated semiannually thereafter as applicable, setting forth the reasons and justification, supported by clear and convincing evidence, for its decisions to cease divestment, reinvest, or remain invested in companies having scrutinized active business operations. This Section does not apply to reinvestment in companies on the grounds that they have ceased to have scrutinized active business operations.

(1) If any provision of this Section or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Section are severable.

(Source: P.A. 95-616, eff. 1-1-08; 95-876, eff. 8-21-08.)

(40 ILCS 5/1-110.16)

Sec. 1-110.16. Transactions prohibited by retirement systems; companies that boycott Israel, Iran-restricted companies, Sudan-restricted companies, and expatriated entities.

(a) As used in this Section:

"Boycott Israel" means engaging in actions that are politically motivated and are intended to penalize, inflict economic harm on, or otherwise limit commercial relations with the State of Israel or companies based in the State of Israel or in territories controlled by the State of Israel.

"Company" means any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association, including all wholly owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates of those entities or business associations, that exist for the purpose of making profit.

"Illinois Investment Policy Board" means the board established under subsection (b) of this Section.

"Direct holdings" in a company means all publicly traded securities of that company that are held directly by the retirement system in an actively managed account or fund in which the retirement system owns all shares or interests.

"Expatriated entity" has the meaning ascribed to it in Section 1-15.120 of the Illinois Procurement Code.

"Indirect holdings" in a company means all securities of that company that are held in an account or fund, such as a mutual fund, managed by one or more persons not employed by the retirement system, in which the retirement system owns shares or interests together with other investors not subject to the provisions of this Section or that are held in an index fund.

"Iran-restricted company" means a company that meets the qualifications under Section 1-110.15 of this Code.

"Private market fund" means any private equity fund, private equity funds of funds, venture capital fund, hedge fund, hedge fund of funds, real estate fund, or other investment vehicle that is not publicly traded.

"Restricted companies" means companies that boycott Israel, Iran-restricted companies, Sudan-restricted companies, and expatriated entities.

"Retirement system" means a retirement system established under Article 2, 14, 15, 16, or 18 of this Code or the Illinois State Board of Investment.

"Sudan-restricted company" means a company that meets the qualifications under Section 1-110.6 of this Code.

(b) There shall be established an Illinois Investment Policy Board. The Illinois Investment Policy Board shall consist of 7 members. Each board of a pension fund or investment board created under Article 15, 16, or 22A of this Code shall appoint one member, and the Governor shall appoint 4 members.

(c) Notwithstanding any provision of law to the contrary, beginning January 1, 2016, Sections 110.15 and 1-110.6 of this Code shall be administered in accordance with this Section.

(d) By April 1, 2016, the Illinois Investment Policy Board shall make its best efforts to identify all Iran-restricted companies, Sudan-restricted companies, and companies that boycott Israel and assemble those identified companies into a list of restricted companies, to be distributed to each retirement system.

These efforts shall include the following, as appropriate in the Illinois Investment Policy Board's judgment:

(1) reviewing and relying on publicly available information regarding Iran-restricted companies, Sudan-restricted companies, and companies that boycott Israel, including information provided by nonprofit organizations, research firms, and government entities;

(2) contacting asset managers contracted by the retirement systems that invest in Iran-restricted companies, Sudan-restricted companies, and companies that boycott Israel;

(3) contacting other institutional investors that have divested from or engaged with Iran-restricted companies, Sudan-restricted companies, and companies that boycott Israel; and

(4) retaining an independent research firm to identify Iran-restricted companies, Sudan-restricted companies, and companies that boycott Israel.

The Illinois Investment Policy Board shall review the list of restricted companies on a quarterly basis based on evolving information from, among other sources, those listed in this subsection (d) and distribute any updates to the list of restricted companies to the retirement systems and the State Treasurer.

By April 1, 2018, the Illinois Investment Policy Board shall make its best efforts to identify all expatriated entities and include those companies in the list of restricted companies distributed to each retirement system and the State Treasurer. These efforts shall include the following, as appropriate in the Illinois Investment Policy Board's judgment:

(1) reviewing and relying on publicly available information regarding expatriated entities, including information provided by nonprofit organizations, research firms, and government entities;

(2) contacting asset managers contracted by the retirement systems that invest in expatriated entities;

(3) contacting other institutional investors that have divested from or engaged with expatriated entities; and

(4) retaining an independent research firm to identify expatriated entities.

(e) The Illinois Investment Policy Board shall adhere to the following procedures for companies on the list of restricted companies:

(1) For each company newly identified in subsection (d), the Illinois Investment Policy Board shall send a written notice informing the company of its status and that it may become subject to divestment or shareholder activism by the retirement systems.

(2) If, following the Illinois Investment Policy

Board's engagement pursuant to this subsection (e) with a restricted company, that company ceases activity that designates the company to be an Iran-restricted company, a Sudan-restricted company, a company that boycotts Israel, or an expatriated entity, the company shall be removed from the list of restricted companies and the provisions of this Section shall cease to apply to it unless it resumes such activities.

(f) Except as provided in subsection (f-1) of this Section the retirement system shall adhere to the following procedures for companies on the list of restricted companies:

(1) The retirement system shall identify those companies on the list of restricted companies in which the retirement system owns direct holdings and indirect holdings.

(2) The retirement system shall instruct its investment advisors to sell, redeem, divest, or withdraw all direct holdings of restricted companies from the retirement system's assets under management in an orderly and fiduciarily responsible manner within 12 months after the company's most recent appearance on the list of restricted companies.

(3) The retirement system may not acquire securities of restricted companies.

(4) The provisions of this subsection (f) do not apply to the retirement system's indirect holdings or private market funds. The Illinois Investment Policy Board shall submit letters to the managers of those investment funds containing restricted companies requesting that they consider removing the companies from the fund or create a similar actively managed fund having indirect holdings devoid of the companies. If the manager creates a similar fund, the retirement system shall replace all applicable investments with investments in the similar fund in an expedited timeframe consistent with prudent investing standards.

(f-1) The retirement system shall adhere to the following procedures for restricted companies that are expatriated entities:

(1) To the extent that the retirement system believes that shareholder activism would be more impactful than divestment, the retirement system shall have the authority to engage with a restricted company prior to divesting.

(2) Subject to any applicable State or Federal laws, methods of shareholder activism utilized by the retirement system may include, but are not limited to, bringing shareholder resolutions and proxy voting on shareholder resolutions.

(3) The retirement system shall report on its shareholder activism and the outcome of such efforts to the Illinois Investment Policy Board by April 1 of each year.

(4) If the engagement efforts of the retirement system are unsuccessful, then it shall adhere to the procedures under subsection (f) of this Section.

(g) Upon request, and by April 1 of each year, each retirement system shall provide the Illinois Investment Policy Board with information regarding investments sold, redeemed, divested, or withdrawn in compliance with this Section.

(h) Notwithstanding any provision of this Section to the contrary, a retirement system may cease divesting from companies pursuant to subsection (f) if clear and convincing evidence shows that the value of investments in such companies becomes equal to or less than 0.5% of the market value of all assets under management by the retirement system. For any cessation of divestment authorized by this subsection (h), the retirement

system shall provide a written notice to the Illinois Investment Policy Board in advance of the cessation of divestment, setting forth the reasons and justification, supported by clear and convincing evidence, for its decision to cease divestment under subsection (f).

(i) The cost associated with the activities of the Illinois Investment Policy Board shall be borne by the boards of each pension fund or investment board created under Article 15, 16, or 22A of this Code.

(j) With respect to actions taken in compliance with this Section, including all good-faith determinations regarding companies as required by this Section, the retirement system and Illinois Investment Policy Board are exempt from any conflicting statutory or common law obligations, including any fiduciary duties under this Article and any obligations with respect to choice of asset managers, investment funds, or investments for the retirement system's securities portfolios.

(k) It is not the intent of the General Assembly in enacting this amendatory Act of the 99th General Assembly to cause divestiture from any company based in the United States of America. The Illinois Investment Policy Board shall consider this intent when developing or reviewing the list of restricted companies.

(l) If any provision of this amendatory Act of the 99th General Assembly or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect other provisions or applications of this amendatory Act of the 99th General Assembly that can be given effect without the invalid provision or application.

(m) If any provision of this amendatory Act of the 100th General Assembly or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect other provisions or applications of this amendatory Act of the 100th General Assembly that can be given effect without the invalid provision or application.

(Source: P.A. 99-128, eff. 7-23-15; 100-551, eff. 1-1-18.)

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

Sec. 1-111. Ten Per Cent Limitation of Employer Securities. A plan may not acquire a security issued by an employer of employees covered by the retirement system or pension fund, if immediately after such acquisition, the aggregate fair market value of such employer securities held by the retirement system or pension fund exceed 10 per cent of the fair market value of the assets of the retirement system or pension fund.

(Source: P.A. 81-948.)

(40 ILCS 5/1-113) (from Ch. 108 1/2, par. 1-113)

Sec. 1-113. Investment authority of certain pension funds, not including those established under Article 3 or 4. The investment authority of a board of trustees of a retirement system or pension fund established under this Code shall, if so provided in the Article establishing such retirement system or pension fund, embrace the following investments:

(1) Bonds, notes and other direct obligations of the United States Government; bonds, notes and other obligations of any United States Government agency or instrumentality, whether or not guaranteed; and obligations the principal and interest of which are guaranteed unconditionally by the United States Government or by an agency or instrumentality thereof.

(2) Obligations of the Inter-American Development



Bank, the International Bank for Reconstruction and Development, the African Development Bank, the International Finance Corporation, and the Asian Development Bank.

(3) Obligations of any state, or of any political subdivision in Illinois, or of any county or city in any other state having a population as shown by the last federal census of not less than 30,000 inhabitants provided that such political subdivision is not permitted by law to become indebted in excess of 10% of the assessed valuation of property therein and has not defaulted for a period longer than 30 days in the payment of interest and principal on any of its general obligations or indebtedness during a period of 10 calendar years immediately preceding such investment.

(4) Nonconvertible bonds, debentures, notes and other corporate obligations of any corporation created or existing under the laws of the United States or any state, district or territory thereof, provided there has been no default on the obligations of the corporation or its predecessor(s) during the 5 calendar years immediately preceding the purchase. Up to 5% of the assets of a pension fund established under Article 9 of this Code may be invested in nonconvertible bonds, debentures, notes, and other corporate obligations of corporations created or existing under the laws of a foreign country, provided there has been no default on the obligations of the corporation or its predecessors during the 5 calendar years immediately preceding the date of purchase.

(5) Obligations guaranteed by the Government of Canada, or by any Province of Canada, or by any Canadian city with a population of not less than 150,000 inhabitants, provided (a) they are payable in United States currency and are exempt from any Canadian withholding tax; (b) the investment in any one issue of bonds shall not exceed 10% of the amount outstanding; and (c) the total investments at book value in Canadian securities shall be limited to 5% of the total investment account of the board at book value.

(5.1) Direct obligations of the State of Israel for the payment of money, or obligations for the payment of money which are guaranteed as to the payment of principal and interest by the State of Israel, or common or preferred stock or notes issued by a bank owned or controlled in whole or in part by the State of Israel, on the following conditions:

(a) The total investments in such obligations shall not exceed 5% of the book value of the aggregate investments owned by the board;

(b) The State of Israel shall not be in default in the payment of principal or interest on any of its direct general obligations on the date of such investment;

(c) The bonds, stock or notes, and interest thereon shall be payable in currency of the United States;

(d) The bonds shall (1) contain an option for the redemption thereof after 90 days from date of purchase or (2) either become due 5 years from the date of their purchase or be subject to redemption 120 days after the date of notice for redemption;

(e) The investment in these obligations has been approved in writing by investment counsel employed by the board, which counsel shall be a national or state bank or trust company authorized to do a trust business in the State of Illinois, or an investment advisor qualified under the federal Investment Advisers Act of 1940 and registered under the Illinois Securities Law of

1953;

(f) The fund or system making the investment shall have at least \$5,000,000 of net present assets.

(6) Notes secured by mortgages under Sections 203, 207, 220 and 221 of the National Housing Act which are insured by the Federal Housing Commissioner, or his successor assigns, or debentures issued by such Commissioner, which are guaranteed as to principal and interest by the Federal Housing Administration, or agency of the United States Government, provided the aggregate investment shall not exceed 20% of the total investment account of the board at book value, and provided further that the investment in such notes under Sections 220 and 221 shall in no event exceed one-half of the maximum investment in notes under this paragraph.

(7) Loans to veterans guaranteed in whole or part by the United States Government pursuant to Title III of the Act of Congress known as the Servicemen's Readjustment Act of 1944, 58 Stat. 284, 38 U.S.C. 693, as amended or supplemented from time to time, provided such guaranteed loans are liens upon real estate.

(8) Common and preferred stocks and convertible debt securities authorized for investment of trust funds under the laws of the State of Illinois, provided:

(a) the common stocks, except as provided in subparagraph (g), are listed on a national securities exchange or board of trade, as defined in the federal Securities Exchange Act of 1934, or quoted in the National Association of Securities Dealers Automated Quotation System (NASDAQ);

(b) the securities are of a corporation created or existing under the laws of the United States or any state, district or territory thereof, except that up to 5% of the assets of a pension fund established under Article 9 of this Code may be invested in securities issued by corporations created or existing under the laws of a foreign country, if those securities are otherwise in conformance with this paragraph (8);

(c) the corporation is not in arrears on payment of dividends on its preferred stock;

(d) the total book value of all stocks and convertible debt owned by any pension fund or retirement system shall not exceed 40% of the aggregate book value of all investments of such pension fund or retirement system, except for a pension fund or retirement system governed by Article 9 or 17, where the total of all stocks and convertible debt shall not exceed 50% of the aggregate book value of all fund investments, and except for a pension fund or retirement system governed by Article 13, where the total market value of all stocks and convertible debt shall not exceed 65% of the aggregate market value of all fund investments;

(e) the book value of stock and convertible debt investments in any one corporation shall not exceed 5% of the total investment account at book value in which such securities are held, determined as of the date of the investment, and the investments in the stock of any one corporation shall not exceed 5% of the total outstanding stock of such corporation, and the investments in the convertible debt of any one corporation shall not exceed 5% of the total amount of such debt that may be outstanding;

(f) the straight preferred stocks or convertible

preferred stocks and convertible debt securities are issued or guaranteed by a corporation whose common stock qualifies for investment by the board; and

(g) that any common stocks not listed or quoted as provided in subdivision (8)(a) be limited to the following types of institutions: (a) any bank which is a member of the Federal Deposit Insurance Corporation having capital funds represented by capital stock, surplus and undivided profits of at least \$20,000,000; (b) any life insurance company having capital funds represented by capital stock, special surplus funds and unassigned surplus totalling at least \$50,000,000; and (c) any fire or casualty insurance company, or a combination thereof, having capital funds represented by capital stock, net surplus and voluntary reserves of at least \$50,000,000.

(9) Withdrawable accounts of State chartered and federal chartered savings and loan associations insured by the Federal Savings and Loan Insurance Corporation; deposits or certificates of deposit in State and national banks insured by the Federal Deposit Insurance Corporation; and share accounts or share certificate accounts in a State or federal credit union, the accounts of which are insured as required by the Illinois Credit Union Act or the Federal Credit Union Act, as applicable.

No bank or savings and loan association shall receive investment funds as permitted by this subsection (9), unless it has complied with the requirements established pursuant to Section 6 of the Public Funds Investment Act.

(10) Trading, purchase or sale of listed options on underlying securities owned by the board.

(11) Contracts and agreements supplemental thereto providing for investments in the general account of a life insurance company authorized to do business in Illinois.

(12) Conventional mortgage pass-through securities which are evidenced by interests in Illinois owner-occupied residential mortgages, having not less than an "A" rating from at least one national securities rating service. Such mortgages may have loan-to-value ratios up to 95%, provided that any amount over 80% is insured by private mortgage insurance. The pool of such mortgages shall be insured by mortgage guaranty or equivalent insurance, in accordance with industry standards.

(13) Pooled or commingled funds managed by a national or State bank which is authorized to do a trust business in the State of Illinois, shares of registered investment companies as defined in the federal Investment Company Act of 1940 which are registered under that Act, and separate accounts of a life insurance company authorized to do business in Illinois, where such pooled or commingled funds, shares, or separate accounts are comprised of common or preferred stocks, bonds, or money market instruments.

(14) Pooled or commingled funds managed by a national or state bank which is authorized to do a trust business in the State of Illinois, separate accounts managed by a life insurance company authorized to do business in Illinois, and commingled group trusts managed by an investment adviser registered under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1 et seq.) and under the Illinois Securities Law of 1953, where such pooled or commingled funds, separate accounts or commingled group trusts are comprised of real estate or loans upon real estate secured by first or second mortgages. The total investment in such pooled or commingled funds, commingled group trusts and separate accounts shall not exceed 10% of the aggregate book value of all

investments owned by the fund.

(15) Investment companies which (a) are registered as such under the Investment Company Act of 1940, (b) are diversified, open-end management investment companies and (c) invest only in money market instruments.

(16) Up to 10% of the assets of the fund may be invested in investments not included in paragraphs (1) through (15) of this Section, provided that such investments comply with the requirements and restrictions set forth in Sections 1-109, 1-109.1, 1-109.2, 1-110, and 1-111 of this Code.

The board shall have the authority to enter into such agreements and to execute such documents as it determines to be necessary to complete any investment transaction.

Any limitations herein set forth shall be applicable only at the time of purchase and shall not require the liquidation of any investment at any time.

All investments shall be clearly held and accounted for to indicate ownership by such board. Such board may direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by a national or state bank or trust company authorized to conduct a trust business in the State of Illinois.

Investments shall be carried at cost or at a value determined in accordance with generally accepted accounting principles and accounting procedures approved by such board.

(Source: P.A. 100-201, eff. 8-18-17.)

(40 ILCS 5/1-113.1)

Sec. 1-113.1. Investment authority of pension funds established under Article 3 or 4. The board of trustees of a police pension fund established under Article 3 of this Code or firefighter pension fund established under Article 4 of this Code shall draw pension funds from the treasurer of the municipality and, beginning January 1, 1998, invest any part thereof in the name of the board in the items listed in Sections 1-113.2 through 1-113.4 according to the limitations and requirements of this Article. These investments shall be made with the care, skill, prudence, and diligence that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims.

Interest and any other income from the investments shall be credited to the pension fund.

For the purposes of Sections 1-113.2 through 1-113.11, the "net assets" of a pension fund include both the cash and invested assets of the pension fund.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.2)

Sec. 1-113.2. List of permitted investments for all Article 3 or 4 pension funds. Any pension fund established under Article 3 or 4 may invest in the following items:

(1) Interest bearing direct obligations of the United States of America.

(2) Interest bearing obligations to the extent that they are fully guaranteed or insured as to payment of principal and interest by the United States of America.

(3) Interest bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America. For the purposes of this Section, "agencies of the United States of America" includes: (i) the Federal National Mortgage Association and the Student Loan Marketing Association; (ii)

federal land banks, federal intermediate credit banks, federal farm credit banks, and any other entity authorized to issue direct debt obligations of the United States of America under the Farm Credit Act of 1971 or amendments to that Act; (iii) federal home loan banks and the Federal Home Loan Mortgage Corporation; and (iv) any agency created by Act of Congress that is authorized to issue direct debt obligations of the United States of America.

(4) Interest bearing savings accounts or certificates of deposit, issued by federally chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.

(5) Interest bearing savings accounts or certificates of deposit, issued by State of Illinois chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.

(6) Investments in credit unions, to the extent that the investments are insured by agencies or instrumentalities of the federal government.

(7) Interest bearing bonds of the State of Illinois.

(8) Pooled interest bearing accounts managed by the Illinois Public Treasurer's Investment Pool in accordance with the Deposit of State Moneys Act, interest bearing funds or pooled accounts of the Illinois Metropolitan Investment Funds, and interest bearing funds or pooled accounts managed, operated, and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies in accordance with the laws of the State of Illinois.

(9) Interest bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois.

(10) Direct obligations of the State of Israel, subject to the conditions and limitations of item (5.1) of Section 1-113.

(11) Money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies; provided that the portfolio of the money market mutual fund is limited to the following:

(i) bonds, notes, certificates of indebtedness, treasury bills, or other securities that are guaranteed by the full faith and credit of the United States of America as to principal and interest;

(ii) bonds, notes, debentures, or other similar obligations of the United States of America or its agencies; and

(iii) short term obligations of corporations organized in the United States with assets exceeding \$400,000,000, provided that (A) the obligations mature no later than 180 days from the date of purchase, (B) at the time of purchase, the obligations are rated by at least 2 standard national rating services at one of their 3 highest classifications, and (C) the obligations held by the mutual fund do not exceed 10% of the corporation's outstanding obligations.

(12) General accounts of life insurance companies authorized to transact business in Illinois.

(13) Any combination of the following, not to exceed 10% of the pension fund's net assets:

(i) separate accounts that are managed by life insurance companies authorized to transact business in Illinois and are comprised of diversified portfolios consisting of common or preferred stocks, bonds, or money market instruments;

(ii) separate accounts that are managed by insurance companies authorized to transact business in Illinois, and are comprised of real estate or loans upon real estate secured by first or second mortgages; and

(iii) mutual funds that meet the following requirements:

(A) the mutual fund is managed by an investment company as defined and registered under the federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953;

(B) the mutual fund has been in operation for at least 5 years;

(C) the mutual fund has total net assets of \$250 million or more; and

(D) the mutual fund is comprised of diversified portfolios of common or preferred stocks, bonds, or money market instruments.

(14) Corporate bonds managed through an investment advisor must meet all of the following requirements:

(1) The bonds must be rated as investment grade by one of the 2 largest rating services at the time of purchase.

(2) If subsequently downgraded below investment grade, the bonds must be liquidated from the portfolio within 90 days after being downgraded by the manager.

(Source: P.A. 96-1495, eff. 1-1-11.)

(40 ILCS 5/1-113.3)

Sec. 1-113.3. List of additional permitted investments for pension funds with net assets of \$2,500,000 or more.

(a) In addition to the items in Section 3-113.2, a pension fund established under Article 3 or 4 that has net assets of at least \$2,500,000 may invest a portion of its net assets in the following items:

(1) Separate accounts that are managed by life insurance companies authorized to transact business in Illinois and are comprised of diversified portfolios consisting of common or preferred stocks, bonds, or money market instruments.

(2) Mutual funds that meet the following requirements:

(i) the mutual fund is managed by an investment company as defined and registered under the federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953;

(ii) the mutual fund has been in operation for at least 5 years;

(iii) the mutual fund has total net assets of \$250 million or more; and

(iv) the mutual fund is comprised of diversified portfolios of common or preferred stocks, bonds, or money market instruments.

(b) A pension fund's total investment in the items authorized under this Section shall not exceed 35% of the market value of the pension fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.4)

Sec. 1-113.4. List of additional permitted investments for pension funds with net assets of \$5,000,000 or more.

(a) In addition to the items in Sections 1-113.2 and 1-113.3, a pension fund established under Article 3 or 4 that

has net assets of at least \$5,000,000 and has appointed an investment adviser under Section 1-113.5 may, through that investment adviser, invest a portion of its assets in common and preferred stocks authorized for investments of trust funds under the laws of the State of Illinois. The stocks must meet all of the following requirements:

(1) The common stocks are listed on a national securities exchange or board of trade (as defined in the federal Securities Exchange Act of 1934 and set forth in subdivision G of Section 3 of the Illinois Securities Law of 1953) or quoted in the National Association of Securities Dealers Automated Quotation System National Market System (NASDAQ NMS).

(2) The securities are of a corporation created or existing under the laws of the United States or any state, district, or territory thereof and the corporation has been in existence for at least 5 years.

(3) The corporation has not been in arrears on payment of dividends on its preferred stock during the preceding 5 years.

(4) The market value of stock in any one corporation does not exceed 5% of the cash and invested assets of the pension fund, and the investments in the stock of any one corporation do not exceed 5% of the total outstanding stock of that corporation.

(5) The straight preferred stocks or convertible preferred stocks are issued or guaranteed by a corporation whose common stock qualifies for investment by the board.

(6) The issuer of the stocks has been subject to the requirements of Section 12 of the federal Securities Exchange Act of 1934 and has been current with the filing requirements of Sections 13 and 14 of that Act during the preceding 3 years.

(b) A pension fund's total investment in the items authorized under this Section and Section 1-113.3 shall not exceed 35% of the market value of the pension fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

(c) A pension fund that invests funds under this Section shall electronically file with the Division any reports of its investment activities that the Division may require, at the times and in the format required by the Division.

(Source: P.A. 100-201, eff. 8-18-17.)

(40 ILCS 5/1-113.4a)

Sec. 1-113.4a. List of additional permitted investments for Article 3 and 4 pension funds with net assets of \$10,000,000 or more.

(a) In addition to the items in Sections 1-113.2 and 1-113.3, a pension fund established under Article 3 or 4 that has net assets of at least \$10,000,000 and has appointed an investment adviser, as defined under Sections 1-101.4 and 1-113.5, may, through that investment adviser, invest an additional portion of its assets in common and preferred stocks and mutual funds.

(b) The stocks must meet all of the following requirements:

(1) The common stocks must be listed on a national securities exchange or board of trade (as defined in the Federal Securities Exchange Act of 1934 and set forth in paragraph G of Section 3 of the Illinois Securities Law of 1953) or quoted in the National Association of Securities Dealers Automated Quotation System National Market System.

(2) The securities must be of a corporation in existence for at least 5 years.

(3) The market value of stock in any one corporation may not exceed 5% of the cash and invested assets of the pension fund, and the investments in the stock of any one corporation may not exceed 5% of the total outstanding stock of that corporation.

(4) The straight preferred stocks or convertible preferred stocks must be issued or guaranteed by a corporation whose common stock qualifies for investment by the board.

(c) The mutual funds must meet the following requirements:

(1) The mutual fund must be managed by an investment company registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953.

(2) The mutual fund must have been in operation for at least 5 years.

(3) The mutual fund must have total net assets of \$250,000,000 or more.

(4) The mutual fund must be comprised of a diversified portfolio of common or preferred stocks, bonds, or money market instruments.

(d) A pension fund's total investment in the items authorized under this Section and Section 1-113.3 shall not exceed 50% effective July 1, 2011 and 55% effective July 1, 2012 of the market value of the pension fund's net present assets stated in its most recent annual report on file with the Department of Insurance.

(e) A pension fund that invests funds under this Section shall electronically file with the Division any reports of its investment activities that the Division may require, at the time and in the format required by the Division.

(Source: P.A. 96-1495, eff. 1-1-11.)

(40 ILCS 5/1-113.5)

Sec. 1-113.5. Investment advisers and investment services for all Article 3 or 4 pension funds.

(a) The board of trustees of a pension fund may appoint investment advisers as defined in Section 1-101.4. The board of any pension fund investing in common or preferred stock under Section 1-113.4 shall appoint an investment adviser before making such investments.

The investment adviser shall be a fiduciary, as defined in Section 1-101.2, 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.

(a-5) Notwithstanding any other provision of law, a person or entity that provides consulting services (referred to as a "consultant" in this Section) to a pension fund with respect to the selection of fiduciaries may not be awarded a contract to provide those consulting services that is more than 5 years in duration. No contract to provide such consulting services may be renewed or extended. At the end of the term of a contract, however, the contractor is eligible to compete for a new contract. No person shall attempt to avoid or contravene the restrictions of this subsection by any means. All offers from



responsive offerors shall be accompanied by disclosure of the names and addresses of the following:

- (1) The offeror.
- (2) Any entity that is a parent of, or owns a controlling interest in, the offeror.
- (3) Any entity that is a subsidiary of, or in which a controlling interest is owned by, the offeror.

Beginning on July 1, 2008, a person, other than a trustee or an employee of a pension fund or retirement system, may not act as a consultant under this Section unless that person is at least one of the following: (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.); (ii) registered as an investment adviser under the Illinois Securities Law of 1953; (iii) a bank, as defined in the Investment Advisers Act of 1940; or (iv) an insurance company authorized to transact business in this State.

(b) All investment advice and services provided by an investment adviser or a consultant appointed under this Section shall be rendered pursuant to a written contract between the investment adviser and the board, and in accordance with the board's investment policy.

The contract shall include all of the following:

- (1) acknowledgement in writing by the investment adviser that he or she is a fiduciary with respect to the pension fund;
- (2) the board's investment policy;
- (3) full disclosure of direct and indirect fees, commissions, penalties, and any other compensation that may be received by the investment adviser, including reimbursement for expenses; and
- (4) a requirement that the investment adviser submit periodic written reports, on at least a quarterly basis, for the board's review at its regularly scheduled meetings. All returns on investment shall be reported as net returns after payment of all fees, commissions, and any other compensation.

(b-5) Each contract described in subsection (b) shall also include (i) full disclosure of direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the investment adviser or consultant in connection with the provision of services to the pension fund and (ii) a requirement that the investment adviser or consultant update the disclosure promptly after a modification of those payments or an additional payment.

Within 30 days after the effective date of this amendatory Act of the 95th General Assembly, each investment adviser and consultant providing services on the effective date 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.

A person required to make a disclosure under subsection (d) is also required to disclose direct and indirect fees, commissions, penalties, or other compensation that shall or may be paid by or on behalf of the person in connection with the rendering of those services. The person shall update the disclosure promptly after a modification of those payments or an additional payment.

The disclosures required by this subsection shall be in writing and shall include the date and amount of each payment and the name and address of each recipient of a payment.

(c) Within 30 days after appointing an investment adviser or consultant, the board shall submit a copy of the contract to the Division of Insurance of the Department of Financial and Professional Regulation.

(d) Investment services provided by a person other than an investment adviser appointed under this Section, including but not limited to services provided by the kinds of persons listed in items (1) through (4) of subsection (a), shall be rendered only after full written disclosure of direct and indirect fees, commissions, penalties, and any other compensation that shall or may be received by the person rendering those services.

(e) The board of trustees of each pension fund shall retain records of investment transactions in accordance with the rules of the Department of Financial and Professional Regulation.  
(Source: P.A. 95-950, eff. 8-29-08; 96-6, eff. 4-3-09.)

(40 ILCS 5/1-113.6)

Sec. 1-113.6. Investment policies. Every board of trustees of a pension fund shall adopt a written investment policy and file a copy of that policy with the Department of Insurance within 30 days after its adoption. Whenever a board changes its investment policy, it shall file a copy of the new policy with the Department within 30 days.

The investment policy shall include a statement that material, relevant, and decision-useful sustainability factors have been or are regularly considered by the board, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. Such factors include, but are not limited to: (1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors; (4) human capital factors; and (5) business model and innovation factors, as provided under the Illinois Sustainable Investing Act.  
(Source: P.A. 101-473, eff. 1-1-20.)

(40 ILCS 5/1-113.7)

Sec. 1-113.7. Registration of investments; custody and safekeeping. The board of trustees may register the investments of its pension fund in the name of the pension fund, in the nominee name of a bank or trust company authorized to conduct a trust business in Illinois, or in the nominee name of the Illinois Public Treasurer's Investment Pool.

The assets of the pension fund and ownership of its investments shall be protected through third-party custodial safekeeping. The board of trustees may appoint as custodian of the investments of its pension fund the treasurer of the municipality, a bank or trust company authorized to conduct a trust business in Illinois, or the Illinois Public Treasurer's Investment Pool.

A dealer may not maintain possession of or control over securities of a pension fund subject to the provisions of this Section unless it is registered as a broker-dealer with the U.S. Securities and Exchange Commission and is a member in good standing of the National Association of Securities Dealers, and (1) with respect to securities that are not issued only in book-entry form, (A) all such securities of each fund are either held in safekeeping in a place reasonably free from risk of destruction or held in custody by a securities depository that is a "clearing agency" registered with the U.S. Securities and Exchange Commission, (B) the dealer is a member of the Securities Investor Protection Corporation, (C) the dealer sends to each fund, no less frequently than each calendar quarter, an itemized statement showing the moneys and securities in the custody or possession of the dealer at the end of such period,

and (D) an independent certified public accountant conducts an audit, no less frequently than each calendar year, that reviews the dealer's internal accounting controls and procedures for safeguarding securities; and (2) with respect to securities that are issued only in book-entry form, (A) all such securities of each fund are held either in a securities depository that is a "clearing agency" registered with the U.S. Securities and Exchange Commission or in a bank that is a member of the Federal Reserve System, (B) the dealer records the ownership interest of the funds in such securities on the dealer's books and records, (C) the dealer is a member of the Securities Investor Protection Corporation, (D) the dealer sends to each fund, no less frequently than each calendar quarter, an itemized statement showing the moneys and securities in the custody or possession of the dealer at the end of such period, and (E) the dealer's financial statement (which shall contain among other things a statement of the dealer's net capital and its required net capital computed in accordance with Rule 15c3-1 under the Securities Exchange Act of 1934) is audited annually by an independent certified public accountant, and the dealer's most recent audited financial statement is furnished to the fund. No broker-dealer serving as a custodian for any public pension fund as provided by this Act shall be authorized to serve as an investment advisor for that same public pension fund as described in Section 1-101.4 of this Code, to the extent that the investment advisor acquires or disposes of any asset of that same public pension fund. Notwithstanding the foregoing, in no event may a broker or dealer that is a natural person maintain possession of or control over securities or other assets of a pension fund subject to the provisions of this Section. In maintaining securities of a pension fund subject to the provisions of this Section, each dealer must maintain those securities in conformity with the provisions of Rule 15c3-3(b) of the Securities Exchange Act of 1934 (Physical Possession or Control of Securities). The Director of the Department of Insurance may adopt such rules and regulations as shall be necessary and appropriate in his or her judgment to effectuate the purposes of this Section.

A bank or trust company authorized to conduct a trust business in Illinois shall register, deposit, or hold investments for safekeeping, all in accordance with the obligations and subject to the limitations of the Securities in Fiduciary Accounts Act.

(Source: P.A. 92-651, eff. 7-11-02.)

(40 ILCS 5/1-113.8)

Sec. 1-113.8. Limitations on banks and savings and loan associations. A bank or savings and loan association shall not receive investment funds from a pension fund established under Article 3 or 4 of this Code, unless it has complied with the requirements established under Section 6 of the Public Funds Investment Act. The limitations set forth in that Section 6 are applicable only at the time of investment and do not require the liquidation of any investment at any time.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.9)

Sec. 1-113.9. Illegal investments. A person registered as a dealer, salesperson, or investment adviser under the Illinois Securities Law of 1953 who sells a pension fund a security, or engages in a transaction with a pension fund, that is not authorized by this Code, shall be subject to the penalty provisions of Subsection E of Section 8 of the Illinois

Securities Law of 1953, if (1) the dealer, salesperson, or investment adviser has discretionary authority or control over the fund's assets and has acknowledged in writing that it is acting in a fiduciary capacity for the fund, (2) the fund has requested the investment advice of the dealer, salesperson, or investment adviser and has provided the dealer, salesperson, or investment adviser with its investment policy, and the dealer, salesperson, or investment adviser acknowledges in writing that the fund is relying primarily on the investment advice of that dealer, salesperson, or investment adviser, or (3) the dealer, salesperson, or investment adviser knows or has reason to know that the fund is not capable of independently evaluating investment risk or exercising independent judgment with respect to a particular securities transaction, and nonetheless recommends that the fund engage in that transaction.

A bank or trust company authorized to conduct a trust business in Illinois or a broker-dealer, and any officer, director, or employee thereof, that advises or causes a pension fund to make an investment or engages in a transaction not authorized by this Code is subject to the penalty provisions of Article V of the Corporate Fiduciary Act.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.10)

Sec. 1-113.10. Legality at time of investment. The investment limitations set forth in this Article are applicable only at the time of investment and do not require the liquidation of any investment at any time. However, no additional pension funds may be invested in any investment item while the market value of the pension fund's investments in that item meets or exceeds the applicable limitation.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.11)

Sec. 1-113.11. Rules. The Department of Insurance is authorized to promulgate rules that are necessary or useful for the administration and enforcement of Sections 1-113.1 through 1-113.10 of this Article.

(Source: P.A. 90-507, eff. 8-22-97.)

(40 ILCS 5/1-113.12)

Sec. 1-113.12. Application.

(a) Except as provided in subsection (b) of this Section, Sections 1-113.1 through 1-113.10 apply only to pension funds established under Article 3 or 4 of this Code.

(b) Upon the transfer of the securities, funds, assets, and moneys of a transferor pension fund to a fund created under Article 22B or 22C, that pension fund shall no longer exercise any investment authority with respect to those securities, funds, assets, and moneys and Sections 1-113.1 through 1-113.10 shall not apply to those securities, funds, assets, and moneys.

(Source: P.A. 101-610, eff. 1-1-20.)

(40 ILCS 5/1-113.14)

Sec. 1-113.14. Investment services for retirement systems, pension funds, and investment boards, except those funds established under Articles 3 and 4.

(a) For the purposes of this Section, "investment services" means services provided by an investment adviser or a consultant other than qualified fund-of-fund management services as defined in Section 1-113.15.

(b) The selection and appointment of an investment adviser or consultant for investment services by the board of a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2, shall be made and awarded in accordance with this 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. Each board of trustees shall adopt a policy in accordance with this subsection (b) within 60 days after the effective date of this amendatory Act of the 96th General Assembly. The policy shall be posted on its web site and filed with the Illinois Procurement Policy Board. Exceptions to this Section are allowed for (i) sole source procurements, (ii) emergency procurements, (iii) at the discretion of the pension fund, retirement system, or board of investment, contracts that are nonrenewable and one year or less in duration, so long as the contract has a value of less than \$20,000, and (iv) in the discretion of the pension fund, retirement system, or investment board, contracts for follow-on funds with the same fund sponsor through closed-end funds. All exceptions granted under this Section must be published on the system's, fund's, or board's web site, shall name the person authorizing the procurement, and shall include a brief explanation of the reason for the exception.

A person, other than a trustee or an employee of a retirement system, pension fund, or investment board, may not act as a consultant or investment adviser under this Section unless that person is registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.) or a bank, as defined in the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.).

(c) Investment services provided by an investment adviser or a consultant appointed under this Section shall be rendered pursuant to a written contract between the investment adviser or consultant and the board.

The contract shall include all of the following:

(1) Acknowledgement in writing by the investment adviser or consultant that he or she is a fiduciary with respect to the pension fund or retirement system.

(2) The description of the board's investment policy and notice that the policy is subject to change.

(3) (i) Full disclosure of direct and indirect fees, commissions, penalties, and other compensation, including reimbursement for expenses, that may be paid by or on behalf of the consultant in connection with the provision of services to the pension fund or retirement system and (ii) a requirement that the consultant update the disclosure promptly after a modification of those payments or an additional payment.

(4) A requirement that the investment adviser or consultant, in conjunction with the board's staff, submit periodic written reports, on at least a quarterly basis, for the board's review at its regularly scheduled meetings. All returns on investment shall be reported as net returns after payment of all fees, commissions, and any other compensation.

(5) Disclosure of the names and addresses of (i) the consultant or investment adviser; (ii) any entity that is a parent of, or owns a controlling interest in, the consultant or investment adviser; (iii) any entity that is a subsidiary of, or in which a controlling interest is owned by, the consultant or investment adviser; (iv) any persons who have an ownership or distributive income share in the consultant

or investment adviser that is in excess of 7.5%; or (v) serves as an executive officer of the consultant or investment adviser.

(6) A disclosure of the names and addresses of all subcontractors, if applicable, and the expected amount of money each will receive under the contract, including an acknowledgment that the contractor must promptly make notification, in writing, if at any time during the term of the contract a contractor adds or changes any subcontractors. For purposes of this subparagraph (6), "subcontractor" does not include non-investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, services used to track compliance with legal standards, and investment fund of funds where the board has no direct contractual relationship with the investment advisers or partnerships.

(7) A description of service to be performed.

(8) A description of the need for the service.

(9) A description of the plan for post-performance review.

(10) A description of the qualifications necessary.

(11) The duration of the contract.

(12) The method for charging and measuring cost.

(d) Notwithstanding any other provision of law, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall not enter into a contract with a consultant that exceeds 5 years in duration. 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 as provided in this Section. No retirement system, pension fund, or investment board shall attempt to avoid or contravene the restrictions of this subsection (d) by any means.

(e) Within 60 days after the effective date of this amendatory Act of the 96th General Assembly, 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. The person shall update the disclosure promptly after a modification of those payments or an additional payment. The disclosures required by this subsection (e) shall be in writing and shall include the date and amount of each payment and the name and address of each recipient of a payment.

(f) The retirement system, pension fund, or board of investment shall develop uniform documents that shall be used for the solicitation, review, and acceptance of all investment services. The form shall include the terms contained in subsection (c) of this Section. All such uniform documents shall be posted on the retirement system's, pension fund's, or investment board's web site.

(g) A description of every contract for investment services shall be posted in a conspicuous manner on the web site of the retirement system, pension fund, or investment board. The description must include the name of the person or entity awarded a contract, the total amount applicable to the contract, the total fees paid or to be paid, and a disclosure approved by the board describing the factors that contributed to the selection of an investment adviser or consultant.

(Source: P.A. 98-433, eff. 8-16-13.)

(40 ILCS 5/1-113.15)

Sec. 1-113.15. Qualified fund-of-fund management services.

(a) As used in this Section:

"Qualified fund-of-fund management services" means either (i) the services of an investment adviser acting in its capacity as an investment manager of a fund-of-funds or (ii) an investment adviser acting in its capacity as an investment manager of a separate account that is invested on a side-by-side basis in a substantially identical manner to a fund-of-funds, in each case pursuant to qualified written agreements.

"Qualified written agreements" means one or more written contracts to which the investment adviser and the board are parties and includes all of the following: (i) the matters described in items (1), (4), (5), (7), (11), and (12) of subsection (c) of Section 1-113.14; (ii) a description of any fees, commissions, penalties, and other compensation payable, if any, directly by the retirement system, pension fund, or investment board (which shall not include any fees, commissions, penalties, and other compensation payable from the assets of the fund-of-funds or separate account); (iii) a description (or method of calculation) of the fees and expenses payable by the Fund to the investment adviser and the timing of the payment of the fees or expenses; and (iv) a description (or method of calculation) of any carried interest or other performance based interests, fees, or payments allocable by the Fund to the investment adviser or an affiliate of the investment adviser and the priority of distributions with respect to such interest.

(b) A description of every contract for qualified fund-of-fund management services must be posted in a conspicuous manner on the web site of the retirement system, pension fund, or investment board. The description must include the name of the fund-of-funds, the name of its investment adviser, the total investment commitment of the retirement system, pension fund, or investment board to invest in such fund-of-funds, and a disclosure approved by the board describing the factors that contributed to the investment in such fund-of-funds. No information that is exempt from inspection pursuant to Section 7 of the Freedom of Information Act shall be disclosed under this Section.

(Source: P.A. 96-1554, eff. 3-18-11.)

(40 ILCS 5/1-113.16)

Sec. 1-113.16. Investment transparency.

(a) The purpose of this Section is to provide for transparency in the investment of retirement or pension funds and require the reporting of full and complete information regarding the investments by pension funds, retirement systems, and investment boards.

(b) A retirement system, pension fund, or investment board subject to this Code and any committees established by such system, fund, or board must comply with the Open Meetings Act.

(c) Any retirement system, pension fund, or investment board subject to this Code that establishes a committee shall ensure that the majority of the members on such committee are board members. If any member of a committee is not a member of the board for the system, fund, or board, then that committee member shall be a fiduciary.

(d) A retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2, shall maintain an official web site and make available in a clear and conspicuous manner, and update at least quarterly, all of the following information

concerning the investment of funds:

- (1) The total amount of funds held by the pension fund, retirement system, or investment board.
- (2) The asset allocation for the investments made by the pension fund, retirement system, or investment board.
- (3) Current and historic return information.
- (4) A detailed listing of the investment advisers for all asset classes.
- (5) Performance of investments compared against established benchmarks.
- (6) A detailed list of all consultants doing business with the retirement system, pension fund, or investment board.
- (7) A detailed list of all contractors, other than investment advisers and consultants, doing business with the retirement system, pension fund, or investment board.
- (8) Any requests for investment services.
- (9) The names and email addresses of all board members, directors, and senior staff.
- (10) The report required under Section 1-109.1 of this Code, if applicable.
- (11) The description of each contract required under subsection (g) of Section 1-113.14 of this Code, if applicable.

(e) A pension fund whose investments are restricted by Section 1-113.2 of this Code shall make the information required in subsection (d) of this Section available on its web site or in a location that allows the information to be available for inspection by the public.

(f) Nothing in this Section requires the pension fund, retirement system, or investment board to make information available on the Internet that is exempt from inspection and copying under the Freedom of Information Act.

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-113.17)

Sec. 1-113.17. Investment sustainability. Every retirement system, pension fund, or investment board subject to this Code shall adopt a written investment policy and file a copy of that policy with the Department of Insurance within 30 days after its adoption. Whenever a board changes its investment policy, it shall file a copy of the new policy with the Department within 30 days.

The investment policy shall include material, relevant, and decision-useful sustainability factors to be considered by the board, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. Such factors shall include, but are not limited to: (1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors; (4) human capital factors; and (5) business model and innovation factors, as provided under the Illinois Sustainable Investing Act.

(Source: P.A. 101-473, eff. 1-1-20.)

(40 ILCS 5/1-113.18)

Sec. 1-113.18. 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 required under this Section shall include training on 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 for the administration of the retirement system, pension fund,



or investment board. The Supreme Court of Illinois shall be responsible for ethics training and curriculum for judges designated by the Court to serve as members of a retirement system, pension fund, or investment board. Each board shall annually certify its members' compliance with this Section and submit an annual certification to the Division of Insurance of the Department of Financial and Professional Regulation. Judges shall annually certify compliance with the ethics training requirement and shall submit an annual certification to the Chief Justice of the Supreme Court of Illinois. For an elected or appointed trustee under Article 3 or 4 of this Code, fulfillment of the requirements of Section 1-109.3 satisfies the requirements of this Section.

(Source: P.A. 100-904, eff. 8-17-18.)

(40 ILCS 5/1-113.20)

Sec. 1-113.20. Investment strategies; explicit and implicit costs. Every pension fund, retirement system, and investment board created under this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall instruct the fund's, system's, or board's investment advisors to utilize investment strategies designed to ensure that all securities transactions are executed in such a manner that the total explicit and implicit costs and total proceeds in every transaction are the most favorable under the circumstances.

(Source: P.A. 96-753, eff. 8-25-09.)

(40 ILCS 5/1-113.21)

Sec. 1-113.21. Contracts for services.

(a) Beginning January 1, 2015, no contract, oral or written, for investment services, consulting services, or commitment to a private market fund shall be awarded by a retirement system, pension fund, or investment board established under this Code unless the investment advisor, consultant, or private market fund first discloses:

(1) the number of its investment and senior staff and the percentage of its investment and senior staff who are (i) a minority person, (ii) a woman, and (iii) a person with a disability; and

(2) the number of contracts, oral or written, for investment services, consulting services, and professional and artistic services that the investment advisor, consultant, or private market fund has with (i) a minority-owned business, (ii) a women-owned business, or (iii) a business owned by a person with a disability; and

(3) the number of contracts, oral or written, for investment services, consulting services, and professional and artistic services the investment advisor, consultant, or private market fund has with a business other than (i) a minority-owned business, (ii) a women-owned business or (iii) a business owned by a person with a disability, if more than 50% of services performed pursuant to the contract are performed by (i) a minority person, (ii) a woman, and (iii) a person with a disability.

(b) The disclosures required by this Section shall be considered, within the bounds of financial and fiduciary prudence, prior to the awarding of a contract, oral or written, for investment services, consulting services, or commitment to a private market fund.

(c) For the purposes of this Section, the terms "minority person", "woman", "person with a disability", "minority-owned business", "women-owned business", and "business owned by a person with a disability" have the same meaning as those terms

have in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

(d) For purposes of this Section, the term "private market fund" means any private equity fund, private equity fund of funds, venture capital fund, hedge fund, hedge fund of funds, real estate fund, or other investment vehicle that is not publicly traded.

(Source: P.A. 100-391, eff. 8-25-17.)

(40 ILCS 5/1-113.22)

Sec. 1-113.22. Required disclosures from consultants; minority-owned businesses, women-owned businesses, and businesses owned by persons with a disability.

(a) No later than January 1, 2018 and each January 1 thereafter, each consultant retained by the board of a retirement system, board of a pension fund, or investment board shall disclose to that board of the retirement system, board of the pension fund, or investment board:

(1) the total number of searches for investment services made by the consultant in the prior calendar year;

(2) the total number of searches for investment services made by the consultant in the prior calendar year that included (i) a minority-owned business, (ii) a women-owned business, or (iii) a business owned by a person with a disability;

(3) the total number of searches for investment services made by the consultant in the prior calendar year in which the consultant recommended for selection (i) a minority-owned business, (ii) a women-owned business, or (iii) a business owned by a person with a disability;

(4) the total number of searches for investment services made by the consultant in the prior calendar year that resulted in the selection of (i) a minority-owned business, (ii) a women-owned business, or (iii) a business owned by a person with a disability; and

(5) the total dollar amount of investment made in the previous calendar year with (i) a minority-owned business, (ii) a women-owned business, or (iii) a business owned by a person with a disability that was selected after a search for investment services performed by the consultant.

(b) Beginning January 1, 2018, no contract, oral or written, for consulting services shall be awarded by a board of a retirement system, a board of a pension fund, or an investment board without first requiring the consultant to make the disclosures required in subsection (a) of this Section.

(c) The disclosures required by subsection (b) of this Section shall be considered, within the bounds of financial and fiduciary prudence, prior to the awarding of a contract, oral or written, for consulting services.

(d) As used in this Section, the terms "minority person", "woman", "person with a disability", "minority-owned business", "women-owned business", and "business owned by a person with a disability" have the same meaning as those terms have in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

(Source: P.A. 100-542, eff. 11-8-17; 100-863, eff. 8-14-18.)

(40 ILCS 5/1-113.23)

Sec. 1-113.23. Required disclosures from consultants; compensation and economic opportunity received.

(a) As used in this Section:

"Compensation" means any money, thing of value, or economic benefit conferred on, or received by, a consultant in return for

services rendered, or to be rendered, by himself, herself, or another.

"Economic opportunity" means any purchase, sale, lease, contract, option, or other transaction or arrangement involving property or services wherein a consultant may gain an economic benefit.

(b) No later than January 1, 2018 and each January 1 thereafter, a consultant retained by the board of a retirement system, the board of a pension fund, or an investment board shall disclose to the board of the retirement system, the board of the pension fund, or the investment board all compensation and economic opportunity received in the last 24 months from investment advisors retained by the board of a retirement system, board of a pension fund, or investment board.

(c) Beginning January 1, 2018, a consultant shall disclose to the board of a retirement system, the board of a pension fund, or an investment board any compensation or economic opportunity received in the last 24 months from an investment advisor that is recommended for selection by the consultant. A consultant shall make this disclosure prior to the board selecting an investment advisor for appointment.

(d) Beginning January 1, 2018, no contract, oral or written, for consulting services shall be awarded by a board of a retirement system, board of a pension fund, or an investment board without first requiring the consultant to make the disclosures required in subsection (c) of this Section.

(Source: P.A. 100-542, eff. 11-8-17.)

(40 ILCS 5/1-114) (from Ch. 108 1/2, par. 1-114)

Sec. 1-114. Liability for Breach of Fiduciary Duty.

(a) Any person who is a fiduciary with respect to a retirement system or pension fund established under this Code who breaches any duty imposed upon fiduciaries by this Code, including, but not limited to, a failure to report a reasonable suspicion of a false statement specified in Section 1-135 of this Code, shall be personally liable to make good to such retirement system or pension fund any losses to it resulting from each such breach, and to restore to such retirement system or pension fund any profits of such fiduciary which have been made through use of assets of the retirement system or pension fund by the fiduciary, and shall be subject to such equitable or remedial relief as the court may deem appropriate, including the removal of such fiduciary.

(b) No person shall be liable with respect to a breach of fiduciary duty under this Code if such breach occurred before such person became a fiduciary or after such person ceased to be a fiduciary.

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

(40 ILCS 5/1-115) (from Ch. 108 1/2, par. 1-115)

Sec. 1-115. Civil enforcement. A civil action may be brought by the Attorney General or by a participant, beneficiary or fiduciary in order to:

(a) Obtain appropriate relief under Section 1-114 of this Code;

(b) Enjoin any act or practice which violates any provision of this Code; or

(c) Obtain other appropriate equitable relief to redress any such violation or to enforce any such provision.

Notwithstanding any other provision of the Administrative Review Law or this Code to the contrary, a civil action may be brought by the Attorney General to enjoin the payment of

(Source: P.A. 98-1137, eff. 6-1-15.)

Sec. 1-116. Federal contribution and benefit limitations.

(a-5) All pension funds and retirement systems established under this Code shall comply with the applicable contribution and benefit limitations imposed by Section 415 of the U.S. Internal Revenue Code of 1986 for tax qualified plans under Section 401(a) of that Code.

(c) An excess benefit fund shall be established by any pension fund or retirement system subject to this Section that has any member eligible to receive a benefit that exceeds the applicable benefit limits set by Section 415 of the U.S. Internal Revenue Code of 1986 for tax qualified plans under Section 401(a) of that Code. Amounts shall be credited to the excess benefit fund, and payments for excess benefits made from the excess benefit fund, in a manner consistent with the applicable federal law.

(Source: P.A. 90-19, eff. 6-20-97; 91-887, eff. 7-6-00.)

Sec. 1-116.1. Required distributions. Notwithstanding any other provision of this Code, all pension funds and retirement systems established under Articles 2 through 18 of this Code have the authority to make any involuntary distributions that are required by federal law under Section 401(a)(9) of the Internal Revenue Code of 1986, as now or hereafter amended. A distribution shall be deemed to be required if failure to make the distribution could affect the qualified plan status of the pension fund or retirement system or could result in the imposition of a substantial penalty on the taxpayer or on the pension fund or retirement system.

(Source: P.A. 89-136, eff. 7-14-95.)

Sec. 1-117. Annual earnings limitation.

(b) In the case of a person who first began participating in a pension fund or retirement system governed by this Code before

the first day of the plan year beginning in 1996, the dollar limitation under Section 401(a)(17) of the Internal Revenue Code of 1986 does not apply to the extent that the earnings that may be taken into account by that fund or system under this Code would be reduced below the amount that was allowed to be taken into account under its governing Article of this Code or under Article 1 or Article 20 of this Code, as those Articles were in effect on July 1, 1993.

(c) This Section takes effect on December 31, 1995.

(Source: P.A. 89-136, eff. 12-31-95.)

(40 ILCS 5/1-118)

Sec. 1-118. Veterans' rights.

(a) All pension funds and retirement systems subject to this Code shall comply with the requirements imposed on them by the federal Uniformed Services Employment and Reemployment Rights Act (P.L. 103-353).

(b) All pension funds and retirement systems subject to this Code shall comply with the federal Heroes Earnings Assistance and Relief Tax Act of 2008 (P.L. 110-245).

(Source: P.A. 97-530, eff. 8-23-11.)

(40 ILCS 5/1-119)

Sec. 1-119. Qualified Illinois Domestic Relations Orders.

(a) For the purposes of this Section:

(1) "Alternate payee" means the spouse, former spouse, child, or other dependent of a member, as designated in a QILDRO.

(2) "Death benefit" means any nonperiodic benefit payable upon the death of a member to a survivor of the member or to the member's estate or designated beneficiary, including any refund of contributions following the member's death, whether or not the benefit is so called under the applicable Article of this Code.

(3) "Disability benefit" means any periodic or nonperiodic benefit payable to a disabled member based on occupational or nonoccupational disability or disease, including any periodic or nonperiodic increases in the benefit, whether or not the benefit is so called under the applicable Article of this Code.

(4) "Member" means any person who participates in or has service credits in a retirement system, including a person who is receiving or is eligible to receive a retirement or disability benefit, without regard to whether the person has withdrawn from service.

(5) "Member's refund" means a return of all or a portion of a member's contributions that is elected by the member (or provided by operation of law) and is payable before the member's death.

(5.5) "Permissive service" means service credit purchased by the member, unused vacation, and unused sick leave that the retirement system includes by statute in a member's benefit calculations.

(6) "Qualified Illinois Domestic Relations Order" or "QILDRO" means an Illinois court order that creates or recognizes the existence of an alternate payee's right to receive all or a portion of a member's accrued benefits in a retirement system, is issued pursuant to this Section and Section 503(b)(2) of the Illinois Marriage and Dissolution of Marriage Act, and meets the requirements of this Section. A QILDRO is not the same as a qualified domestic relations order or QDRO issued pursuant to Section 414(p) of the Internal Revenue Code of 1986. The requirements of

paragraphs (2) and (3) of that Section do not apply to orders issued under this Section and shall not be deemed a guide to the interpretation of this Section; a QILDRO is intended to be a domestic relations order within the meaning of paragraph (11) of that Section.

(7) "Regular payee" means the person to whom a benefit would be payable in the absence of an effective QILDRO.

(7.5) "Regular service" means service credit earned by the member, including a repayment of a refund for regular service that the retirement system includes by statute in a member's benefit calculations. "Regular service" does not include service credit purchased by the member, unused vacation, or unused sick leave.

(8) "Retirement benefit" means any periodic or nonperiodic benefit payable to a retired member based on age or service, or on the amounts accumulated to the credit of the member for retirement purposes, including any periodic or nonperiodic increases in the benefit, whether or not the benefit is so called under the applicable Article of this Code.

(9) "Retirement system" or "system" means any retirement system, pension fund, or other public employee retirement benefit plan that is maintained or established under any of Articles 2 through 18 of this Code.

(10) "Surviving spouse" means the spouse of a member at the time of the member's death.

(11) "Survivor's benefit" means any periodic benefit payable to a surviving spouse, child, parent, or other survivor of a deceased member, including any periodic or nonperiodic increases in the benefit or nonperiodic payment included with the benefit, whether or not the benefit is so called under the applicable Article of this Code.

(b) (1) An Illinois court of competent jurisdiction in a proceeding for declaration of invalidity of marriage, legal separation, or dissolution of marriage that provides for support or the distribution of property, or any proceeding to amend or enforce such support or property distribution, may order that all or any part of any (i) member's retirement benefit, (ii) member's refund payable to or on behalf of the member, or (iii) death benefit, or portion thereof, that would otherwise be payable to the member's death benefit beneficiaries or estate be instead paid by the retirement system to the alternate payee.

(2) An order issued under this Section provides only for the diversion to an alternate payee of certain benefits otherwise payable by the retirement system under the provisions of this Code. The existence of a QILDRO shall not cause the retirement system to pay any benefit, or any amount of benefit, to an alternate payee that would not have been payable by the system to a regular payee in the absence of the QILDRO.

(3) A QILDRO shall not affect the vesting, accrual, or amount of any benefit, nor the date or conditions upon which any benefit becomes payable, nor the right of the member or the member's survivors to make any election otherwise authorized under this Code, except as provided in subsections (i) and (j).

(4) A QILDRO shall not apply to or affect the payment of any survivor's benefit, disability benefit, life insurance benefit, or health insurance benefit.

(c) (1) A QILDRO must contain the name, mailing address, and social security number of the member and of the alternate payee and must identify the retirement system to which it is directed and the court issuing the order.

(2) A QILDRO must specify each benefit to which it applies, and it must specify the amount of the benefit to be paid to the alternate payee. In the case of a non-periodic benefit, this

amount must be specified as a dollar amount or as a percentage as specifically provided in subsection (n). In the case of a periodic benefit, this amount must be specified as a dollar amount per month or as a percentage per month as specifically provided in subsection (n).

(3) With respect to each benefit to which it applies, a QILDRO must specify when the order will take effect. In the case of a lump sum benefit payable to an alternate payee of a participant in the self-managed plan authorized under Article 15 of this Code, the benefit shall be paid upon the proper request of the alternate payee. In the case of a periodic benefit that is being paid at the time the order is received, a QILDRO shall take effect immediately or on a specified later date; if it takes effect immediately, it shall become effective on the first benefit payment date occurring at least 30 days after the order is received by the retirement system. In the case of any other benefit, a QILDRO shall take effect when the benefit becomes payable, unless some later date is specified pursuant to subsection (n). However, in no event shall a QILDRO apply to any benefit paid by the retirement system before or within 30 days after the order is received. A retirement system may adopt rules to prorate the amount of the first and final periodic payments to an alternate payee.

(4) A QILDRO must also contain any provisions required under subsection (n) or (p).

(5) If a QILDRO indicates that the alternate payee is to receive a percentage of any retirement system benefit, the calculations required shall be performed by the member, the alternate payee, their designated representatives or their designated experts. The results of said calculations shall be provided to the retirement system via a QILDRO Calculation Court Order issued by an Illinois court of competent jurisdiction in a proceeding for declaration of invalidity of marriage, legal separation, or dissolution of marriage. The QILDRO Calculation Court Order shall follow the form provided in subsection (n-5). The retirement system shall have no duty or obligation to assist in such calculations or in completion of the QILDRO Calculation Court Order, other than to provide the information required to be provided pursuant to subsection (h).

(6) Within 45 days after the receipt of a QILDRO Calculation Court Order, the retirement system shall notify the member and the alternate payee (or one designated representative of each) of the receipt of the Order. If a valid QILDRO underlying the QILDRO Calculation Court Order has not been filed with the retirement system, or if the QILDRO Calculation Court Order does not clearly indicate the amount the retirement system is to pay to the alternate payee, then the retirement system shall at the same time notify the member and the alternate payee (or one designated representative of each) of the situation. Unless a valid QILDRO has not been filed with the retirement system, or the QILDRO Calculation Court Order does not clearly indicate the amount the retirement system is to pay the alternate payee, the retirement system shall implement the QILDRO based on the QILDRO Calculation Court Order as soon as administratively possible once benefits are payable. The retirement system shall have no obligation to make any determination as to whether the calculations in the QILDRO Calculation Court Order are accurate or whether the calculations are in accordance with the parties' QILDRO, agreement, or judgment. The retirement system shall not reject a QILDRO Calculation Court Order because the calculations are not accurate or not in accordance with the parties' QILDRO, agreement, or judgment. The retirement system shall have no responsibility for the consequences of its implementation of a QILDRO Calculation Court Order that is inaccurate or not in accordance with the parties' QILDRO, agreement, or judgment.

(d) (1) An order issued under this Section shall not be implemented unless a certified copy of the order has been filed with the retirement system. The system shall promptly notify the member and the alternate payee by first class mail of its receipt of the order.

(2) Neither the retirement system, nor its board, nor any of its employees shall be liable to the member, the regular payee, or any other person for any amount of a benefit that is paid in good faith to an alternate payee in accordance with a QILDRO.

(3) Each new or modified QILDRO or QILDRO Calculation Court Order that is submitted to the retirement system shall be accompanied by a nonrefundable \$50 processing fee payable to the retirement system, to be used by the system to defer any administrative costs arising out of the implementation of the order.

(e) (1) Each alternate payee is responsible for maintaining a current mailing address on file with the retirement system. The retirement system shall have no duty to attempt to locate any alternate payee by any means other than sending written notice to the last known address of the alternate payee on file with the system.

(2) In the event that the system cannot locate an alternate payee when a benefit becomes payable, the system shall hold the amount of the benefit payable to the alternate payee and make payment to the alternate payee if he or she is located within the following 180 days. If the alternate payee has not been located within 180 days from the date the benefit becomes payable, the system shall pay the benefit and the amounts held to the regular payee. If the alternate payee is subsequently located, the system shall thereupon implement the QILDRO, but the interest of the alternate payee in any amounts already paid to the regular payee shall be extinguished. Amounts held under this subsection shall not bear interest.

(f) (1) If the amount of a benefit that is specified in a QILDRO or QILDRO Calculation Court Order for payment to an alternate payee exceeds the actual amount of that benefit payable by the retirement system, the excess shall be disregarded. The retirement system shall have no liability to any alternate payee or any other person for the disregarded amounts.

(2) In the event of multiple QILDROs against a member, the retirement system shall honor all of the QILDROs to the extent possible. However, if the total amount of a benefit to be paid to alternate payees under all QILDROs in effect against the member exceeds the actual amount of that benefit payable by the system, the QILDROs shall be satisfied in the order of their receipt by the system until the amount of the benefit is exhausted, and shall not be adjusted pro rata. Any amounts that cannot be paid due to exhaustion of the benefit shall remain unpaid, and the retirement system shall have no liability to any alternate payee or any other person for such amounts.

(3) A modification of a QILDRO shall be filed with the retirement system in the same manner as a new QILDRO. A modification that does not increase the amount of any benefit payable to the alternate payee, as that amount was designated in the QILDRO, and does not expand the QILDRO to affect any benefit not affected by the unmodified QILDRO, does not affect the priority of payment under subdivision (f)(2); the priority of payment of a QILDRO that has been modified to increase the amount of any benefit payable to the alternate payee, or to expand the QILDRO to affect a benefit not affected by the unmodified QILDRO, shall be based on the date on which the system receives the modification of the QILDRO.

(4) A modification of a QILDRO Calculation Court Order shall be filed with the retirement system in the same manner as a new



QILDRO Calculation Court Order.

(g) (1) Upon the death of the alternate payee under a QILDRO, the QILDRO shall expire and cease to be effective, and in the absence of another QILDRO, the right to receive any affected benefit shall revert to the regular payee.

(2) All QILDROs relating to a member's participation in a particular retirement system shall expire and cease to be effective upon the issuance of a member's refund that terminates the member's participation in that retirement system, without regard to whether the refund was paid to the member or to an alternate payee under a QILDRO. An expired QILDRO shall not be automatically revived by any subsequent return by the member to service under that retirement system.

(h) (1) Within 45 days after receiving a subpoena from any party to a proceeding for declaration of invalidity of marriage, legal separation, or dissolution of marriage in which a QILDRO may be issued, or after receiving a request from the member, a retirement system shall provide in response a statement of a member's accumulated contributions, accrued benefits, and other interests in the plan administered by the retirement system based on the data on file with the system on the date the subpoena is received. If so requested in the subpoena, the retirement system shall also provide in response general retirement plan information available to a member and any relevant procedures, rules, or modifications to the model QILDRO form that have been adopted by the retirement system.

(1.5) If a QILDRO provides for the alternate payee to receive a percentage of a retirement benefit (as opposed to providing for the alternate payee to receive specified dollar amounts of a retirement benefit), then the retirement system shall provide the applicable information to the member and to the alternate payee, or to one designated representative of each (e.g., the member's attorney and the alternate payee's attorney) as indicated below:

(A) If the member is a participant in the self-managed plan authorized under Article 15 of this Code and the QILDRO provides that the only benefit the alternate payee is to receive is a percentage of a lump sum benefit as of a specific date that has already past, then, within 45 days after the retirement system receives the QILDRO, the retirement system shall provide the lump sum amount to which the QILDRO percentage is to be applied.

(B) For all situations except that situation described in item (A), if the retirement system receives the QILDRO before the member's effective date of retirement, then, within 45 days after the retirement system receives the QILDRO, the retirement system shall provide all of the following information:

(i) The date of the member's initial membership in the retirement system, expressed as month, day, and year, if available, or the most exact date that is available to the retirement system.

(ii) The amount of permissive and regular service the member accumulated in the retirement system from the time of initial membership through the most recent date available prior to the retirement system receiving the QILDRO (the dates used by the retirement system shall also be provided). Service amounts shall be expressed using the most exact time increments available to the retirement system (e.g., months or fractions of years).

(iii) The gross amount of the member's non-reduced monthly annuity benefit earned, calculated as of the most recent date available prior to the retirement system receiving the QILDRO, the date used by the retirement system, and the earliest date the member

may be eligible to commence the benefit. This amount shall include any permissive service and upgrades purchased by the member, and those amounts shall be noted separately.

(iv) The gross amount of the member's refund or partial refund, including any interest payable on those amounts, calculated as of the most recent date available prior to the retirement system receiving the QILDRO (the date used by the retirement system shall also be provided).

(v) The gross amount of the death benefits that would be payable to the member's death benefit beneficiaries or estate, assuming the member died on the date or a date as close as possible to the date the QILDRO was received by the retirement system, including any interest payable on the amounts, calculated as of the most recent date available prior to the retirement system receiving the QILDRO (the date used by the retirement system shall also be provided).

(vi) Whether the member has notified the retirement system of the date the member intends to retire, and if so, that date.

(vii) If the member has provided a date that he or she intends to retire, the date, if available, that the retirement system reasonably believes will be the member's effective date of retirement.

(C) For all situations except that situation described in item (A), if the retirement system receives the QILDRO after the effective date of retirement, then, within 45 days after the retirement system receives the QILDRO, or, if the retirement system receives the QILDRO before the member's effective date of retirement, then as soon as administratively possible before or after the member's effective date of retirement (but not later than 45 days after the member's effective date of retirement), the retirement system shall provide all of the following information:

(i) The member's effective date of retirement.

(ii) The date the member commenced benefits or, if not yet commenced, the date the retirement system has scheduled the member's benefits to commence.

(iii) The amount of permissive and regular service the member accumulated in the retirement system from the time of initial membership through the member's effective date of retirement. Service amounts shall be expressed using the most exact time increments available to the retirement system (e.g., months or fractions of years).

(iv) The gross amount of the member's monthly retirement benefit, calculated as of the member's effective date of retirement. This amount shall include any permissive service and upgrades purchased by the member, and those amounts shall be noted separately.

(v) The gross amount of the member's refund or partial refund, including any interest payable on those amounts, calculated as of the member's effective date of retirement.

(vi) The gross amount of death benefits that would be payable to the member's death benefit beneficiaries or estate, assuming the member died on the member's effective date of retirement, including any interest payable on those amounts.

(D) If, and only if, the alternate payee is entitled

to benefits under Section VII of the QILDRO, then, within 45 days after the retirement system receives notice of the member's death, the retirement system shall provide the gross amount of death benefits payable, including any interest payable on those amounts, calculated as of the member's date of death.

(2) In no event shall the retirement system be required to furnish to any person an actuarial opinion as to the present value of the member's benefits or other interests.

(3) The papers, entries, and records, or parts thereof, of any retirement system may be proved by a copy thereof, certified under the signature of the secretary of the system or other duly appointed keeper of the records of the system and the corporate seal, if any.

(i) In a retirement system in which a member or beneficiary is required to apply to the system for payment of a benefit, the required application may be made by an alternate payee who is entitled to all of a termination refund or retirement benefit or part of a death benefit that is payable under a QILDRO, provided that all other qualifications and requirements have been met. However, the alternate payee may not make the required application for death benefits while the member is alive or for a member's refund or a retirement benefit if the member is in active service or below the minimum age for receiving an undiscounted retirement annuity in the retirement system that has received the QILDRO or in any other retirement system in which the member has regular or permissive service and in which the member's rights under the Retirement Systems Reciprocal Act would be affected as a result of the alternate payee's application for a member's refund or retirement benefit.

(j) (1) So long as there is in effect a QILDRO relating to a member's retirement benefit, the affected member may not elect a form of payment that has the effect of diminishing the amount of the payment to which any alternate payee is entitled, unless the alternate payee has consented to the election in a writing that includes the alternate payee's notarized signature, and this written and notarized consent has been filed with the retirement system.

(2) If a member attempts to make an election prohibited under subdivision (j)(1), the retirement system shall reject the election and advise the member of the need to obtain the alternate payee's consent.

(3) If a retirement system discovers that it has mistakenly allowed an election prohibited under subdivision (j)(1), it shall thereupon disallow that election and recalculate any benefits affected thereby. If the system determines that an amount paid to a regular payee should have been paid to an alternate payee, the system shall, if possible, recoup the amounts as provided in subsection (k) of this Section.

(k) In the event that a regular payee or an alternate payee is overpaid, the retirement system shall have the authority to and shall recoup the amounts by deducting the overpayment from future payments and making payment to the other payee. The system may make deductions for recoupment over a period of time in the same manner as is provided by law or rule for the recoupment of other amounts incorrectly disbursed by the system in instances not involving a QILDRO. The retirement system shall incur no liability to either the alternate payee or the regular payee as a result of any payment made in good faith, regardless of whether the system is able to accomplish recoupment.

(l) (1) A retirement system that has, before the effective date of this Section, received and implemented a domestic relations order that directs payment of a benefit to a person other than the regular payee may continue to implement that order, and shall not be liable to the regular payee for any

amounts paid in good faith to that other person in accordance with the order.

(2) A domestic relations order directing payment of a benefit to a person other than the regular payee that was issued by a court but not implemented by a retirement system prior to the effective date of this Section shall be void. However, a person who is the beneficiary or alternate payee of a domestic relations order that is rendered void under this subsection may petition the court that issued the order for an amended order that complies with this Section.

(3) A retirement system that received a valid QILDRO before the effective date of this amendatory Act of the 94th General Assembly shall continue to implement the QILDRO and shall not be liable to any party for amounts paid in good faith pursuant to the QILDRO.

(m) (1) In accordance with Article XIII, Section 5 of the Illinois Constitution, which prohibits the impairment or diminishment of benefits granted under this Code, a QILDRO issued against a member of a retirement system established under an Article of this Code that exempts the payment of benefits or refunds from attachment, garnishment, judgment or other legal process shall not be effective without the written consent of the member if the member began participating in the retirement system on or before the effective date of this Section. That consent must specify the retirement system, the court case number, and the names and social security numbers of the member and the alternate payee. The consent must accompany the QILDRO when it is filed with the retirement system, and must be in substantially the following form:

#### CONSENT TO ISSUANCE OF QILDRO

Case Caption: .....  
Court Case Number: .....  
Member's Name: .....  
Member's Social Security Number: .....  
Alternate payee's Name: .....  
Alternate payee's Social Security Number: .....

I, (name), a member of the (retirement system), hereby irrevocably consent to the issuance of a Qualified Illinois Domestic Relations Order. I understand that under the Order, certain benefits that would otherwise be payable to me, or to my death benefit beneficiaries or estate, will instead be payable to (name of alternate payee). I also understand that my right to elect certain forms of payment of my retirement benefit or member's refund may be limited as a result of the Order.

DATED:.....

SIGNED:.....

(2) A member's consent to the issuance of a QILDRO shall be irrevocable, and shall apply to any QILDRO that pertains to the alternate payee and retirement system named in the consent.

(n) A QILDRO issued under this Section shall be in substantially the following form (omitting any provisions that are not applicable to benefits that are or may be ultimately payable to the member):

#### QUALIFIED ILLINOIS DOMESTIC RELATIONS ORDER

.....  
(Enter Case Caption Here)  
.....  
(Enter Retirement System Name Here)

THIS CAUSE coming before the Court for the purpose of the entry of a Qualified Illinois Domestic Relations Order under the provisions of Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119), the Court having jurisdiction over the parties and the subject matter hereof; the Court finding that one of the parties to this proceeding is a member of a retirement system subject to Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119), this Order is entered to implement a division of that party's interest in the retirement system; and the Court being fully advised;

IT IS HEREBY ORDERED AS FOLLOWS:

I. The definitions and other provisions of Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119) are adopted by reference and made a part of this Order.

II. Identification of Retirement System and parties:

Retirement System:

.....  
(Name)  
.....  
(Address)

Member:

.....  
(Name)  
.....  
(Mailing Address)  
.....  
(Social Security Number)

Alternate payee:

.....  
(Name)  
.....  
(Mailing Address)  
.....  
(Social Security Number)

The alternate payee is the member's .... current or former spouse/ .... child or other dependent [check one].

III. The Retirement System shall pay the indicated amounts of the member's retirement benefits to the alternate payee under the following terms and conditions:

(A) The Retirement System shall pay the alternate payee pursuant to one of the following methods [complete the ONE option that applies]:

- (1) \$..... per month [enter amount]; or
- (2) .....% [enter percentage] per month of the marital portion of said benefit with the marital portion defined using the formula in Section IX; or
- (3) .....% [enter percentage] per month of the gross amount of said benefit calculated as of the date the .... member's/ .... alternate payee's [check one] benefit commences [check alternate payee only if the alternate payee will commence benefits after the member commences benefits, e.g. if the member is receiving retirement benefits at the time this Order is entered].

(B) If the member's retirement benefit has already

commenced, payments to the alternate payee shall commence either [check/complete the ONE option that applies]:

(1) .... as soon as administratively possible upon this order being received and accepted by the Retirement System; or

(2) .... on the date of ..... [enter any benefit payment date that will occur at least 30 days after the date the retirement system receives a valid QILDRO, but ONLY if payment to the alternate payee is to be delayed to some future date; otherwise, check item (1) above].

(C) If the member's retirement benefit has not yet commenced, payments to the alternate payee shall commence as of the date the member's retirement benefit commences.

(D) Payments to the alternate payee under this Section III shall terminate [check/complete the ONE option that applies]:

(1) .... upon the death of the member or the death of the alternate payee, whichever is the first to occur; or

(2) .... after ..... payments are made to the alternate payee [enter any set number] or upon the death of the member or the death of the alternate payee, whichever is the first to occur.

IV. If the member's retirement benefits are subject to annual post-retirement increases, the alternate payee's share of said benefits .... shall/ .... shall not [check one] be recalculated or increased annually to include a proportionate share of the applicable annual increases.

V. The Retirement System shall pay to the alternate payee the indicated amounts of any refund upon termination or any lump sum retirement benefit that becomes payable to the member, under the following terms and conditions:

(A) The Retirement System shall pay the alternate payee pursuant to one of the following methods [complete the ONE option that applies]:

(1) \$..... [enter amount]; or

(2) .....% [enter percentage] of the marital portion of the refund or lump sum retirement benefit, with the marital portion defined using the formula in Section IX; or

(3) .....% [enter percentage] of the gross amount of the refund or lump sum retirement benefit, calculated when the member's refund or lump sum retirement benefit is paid.

(B) The amount payable to an alternate payee under Section V(A)(2) or V(A)(3) shall include any applicable interest that would otherwise be payable to the member under the rules of the Retirement System.

(C) The alternate payee's share of the refund or lump sum retirement benefit under this Section V shall be paid when the member's refund or lump sum retirement benefit is paid.

VI. The Retirement System shall pay to the alternate payee the indicated amounts of any partial refund that becomes payable to the member under the following terms and conditions:

(A) The Retirement System shall pay the alternate payee pursuant to one of the following methods [complete the ONE option that applies]:

(1) \$..... [enter amount]; or

(2) .....% [enter percentage] of the marital portion of said benefit, with the marital portion defined using the formula in Section IX; or

(3) .....% [enter percentage] of the gross

amount of the benefit calculated when the member's refund is paid.

(B) The amount payable to an alternate payee under Section VI(A)(2) or VI(A)(3) shall include any applicable interest that would otherwise be payable to the member under the rules of the Retirement System.

(C) The alternate payee's share of the refund under this Section VI shall be paid when the member's refund is paid.

VII. The Retirement System shall pay to the alternate payee the indicated amounts of any death benefits that become payable to the member's death benefit beneficiaries or estate under the following terms and conditions:

(A) To the extent and only to the extent required to effectuate this Section VII, the alternate payee shall be designated as and considered to be a beneficiary of the member at the time of the member's death and shall receive [complete ONE of the following options]:

(1) \$..... [enter amount]; or

(2) .....% [enter percentage] of the marital portion of death benefits, with the marital portion defined using the formula in Section IX; or

(3) .....% [enter percentage] of the gross amount of death benefits calculated when said benefits become payable.

(B) The amount payable to an alternate payee under Section VII(A)(2) or VII(A)(3) shall include any applicable interest payable to the death benefit beneficiaries under the rules of the Retirement System.

(C) The alternate payee's share of death benefits under this Section VII shall be paid as soon as administratively possible after the member's death.

VIII. If this Order indicates that the alternate payee is to receive a percentage of any retirement benefit or refund, upon receipt of the information required to be provided by the Retirement System under Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119), the calculations required shall be performed by the member, by the alternate payee, or by their designated representatives or designated experts. The results of the calculations shall be provided to the Retirement System via a QILDRO Calculation Court Order in accordance with Section 1-119 of the Illinois Pension Code.

IX. Marital Portion Benefit Calculation Formula (Option to calculate benefit in items III(A)(2), V(A)(2), VI(A)(2), and VII(A)(2) above). If in this Section "other" is circled in the definition of A, B, or C, then a supplemental order must be entered simultaneously with this QILDRO clarifying the intent of the parties or the Court as to that item. The supplemental order cannot require the Retirement System to take any action not permitted under Illinois law or the Retirement System's administrative rules. To the extent that the supplemental order does not conform to Illinois law or administrative rule, it shall not be binding upon the Retirement System.

(1) The amount of the alternate payee's benefit shall be the result of  $(A/B) \times C \times D$  where:

"A" equals the number of months of .... regular/  
.... regular plus permissive/ .... other [check only  
one] service that the member accumulated in the  
Retirement System from the date of marriage  
..... [enter date MM/DD/YYYY] to the  
date of divorce ..... [enter date  
MM/DD/YYYY]. This number of months of service shall be  
calculated as whole months after receipt of information  
required from the Retirement System pursuant to Section  
1-119 of the Illinois Pension Code (40 ILCS 5/1-119).

"B" equals the number of months of .... regular/  
.... regular plus permissive/ .... other [check only  
one] service that the member accumulated in the  
Retirement System from the time of initial membership in  
the Retirement System through the member's effective  
date of retirement. The number of months of service  
shall be calculated as whole months after receipt of  
information required from the Retirement System pursuant  
to Section 1-119 of the Illinois Pension Code (40 ILCS  
5/1-119).

"C" equals the gross amount of:

(i) the member's monthly retirement benefit  
(Section III(A)) calculated as of the member's  
effective date of retirement, .... including/ ....  
not including/ .... other [check only one]  
permissive service, upgrades purchased, and other  
benefit formula enhancements;

(ii) the member's refund payable upon  
termination or lump sum retirement benefit that  
becomes payable, including any payable interest  
(Section V(A)) calculated as of the time said refund  
becomes payable to the member;

(iii) the member's partial refund, including  
any payable interest (Section VI(A)) calculated as  
of the time said partial refund becomes payable to  
the member; or

(iv) the death benefit payable to the  
member's death benefit beneficiaries or estate,  
including any payable interest (Section VII(A))  
calculated as of the time said benefit becomes  
payable to the member's beneficiary;

whichever are applicable pursuant to Section III, V,  
VI, or VII of this Order. These gross amounts shall be  
provided by the Retirement System pursuant to Section  
1-119 of the Illinois Pension Code (40 ILCS 5/1-119).

"D" equals the percentage noted in Section  
III(A)(2), V(A)(2), VI(A)(2), or VII(A)(2), whichever  
are applicable.

(2) The alternate payee's benefit under this Section  
IX shall be paid in accordance with all Sections of this  
Order that apply.

X. In accordance with subsection (j) of Section 1-119 of the  
Illinois Pension Code (40 ILCS 5/1-119), so long as this QILDRO  
is in effect, the member may not elect a form of payment of the  
retirement benefit that has the effect of diminishing the amount  
of the payment to which the alternate payee is entitled, unless  
the alternate payee has consented to the election in writing,  
the consent has been notarized, and the consent has been filed  
with the Retirement System.

XI. If the member began participating in the Retirement  
System before July 1, 1999, this Order shall not take effect  
unless accompanied by the written consent of the member as  
required under subsection (m) of Section 1-119 of the Illinois  
Pension Code (40 ILCS 5/1-119).

XII. The Court retains jurisdiction over this matter for all  
of the following purposes:

(1) To establish or maintain this Order as a  
Qualified Illinois Domestic Relations Order.

(2) To enter amended QILDROs and QILDRO Calculation  
Court Orders to conform to the parties' Marital Settlement  
Agreement or Agreement for Legal Separation ("Agreement"),  
to the parties' Judgment for Dissolution of Marriage or  
Judgment for Legal Separation ("Judgment"), to any  
modifications of the parties' Agreement or Judgment, or to  
any supplemental orders entered to clarify the parties'



Agreement or Judgment.

(3) To enter supplemental orders to clarify the intent of the parties or the Court regarding the benefits allocated herein in accordance with the parties' Agreement or Judgment, with any modifications of the parties' Agreement or Judgment, or with any supplemental orders entered to clarify the parties' Agreement or Judgment. A supplemental order may not require the Retirement System to take any action not permitted under Illinois law or the Retirement System's administrative rules. To the extent that the supplemental order does not conform to Illinois law or administrative rule, it shall not be binding upon the Retirement System.

DATED: .....

SIGNED: .....  
[Judge's Signature]

(n-5) A QILDRO Calculation Court Order issued under this Section shall be in substantially the following form:

#### QILDRO Calculation Court Order

.....  
[Enter case caption here]  
.....  
[Enter Retirement System name here]

THIS CAUSE coming before the Court for the purpose of the entry of a QILDRO Calculation Court Order under the provisions of Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119), the Court having jurisdiction over the parties and the subject matter hereof; the Court finding that a QILDRO has previously been entered in this matter, that the QILDRO has been received and accepted by the Retirement System, and that the QILDRO requires percentage calculations to allocate the alternate payee's share of the member's benefit or refund, the Court not having found that the QILDRO has become void or invalid, and the Court being fully advised;

#### IT IS HEREBY ORDERED AS FOLLOWS:

(1) The definitions and other provisions of Section 1-119 of the Illinois Pension Code [40 ILCS 5/1-119] are adopted by reference and made a part of this Order.

(2) Identification of Retirement System and parties:

Retirement System:	..... (Name) ..... (Address)
Member:	..... (Name) ..... (Mailing Address) ..... (Social Security Number)

Alternate payee: .....

(Name)

.....

(Mailing Address)

.....

(Social Security Number)

The Alternate payee is the member's .... current or former spouse/ .... child or other dependent [check one].

(3) The following shall apply if and only if the QILDRO allocated benefits to the alternate payee in the specific Section noted. The Retirement System shall pay the amounts as directed below, but only if and when the benefits are payable pursuant to the QILDRO and Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119). Parties shall see QILDRO Section IX for the definitions of A, B, C and D as used below.

(a) The alternate payee's benefit pursuant to QILDRO Section III(A)(2) shall be calculated pursuant to Section IX of the QILDRO and paid as follows:

(...../.....) X ..... X ..... = .....  
[Enter A] [Enter B] [Enter C] [Enter D] [Monthly Amount]

(b) The alternate payee's benefit pursuant to QILDRO Section V(A)(2) shall be calculated pursuant to Section IX of the QILDRO and paid as follows:

(...../.....) X ..... X ..... = .....  
[Enter A] [Enter B] [Enter C] [Enter D] [Amount]

(c) The alternate payee's benefit pursuant to QILDRO Section VI(A)(2) shall be calculated pursuant to Section IX of the QILDRO and paid as follows:

(...../.....) X ..... X ..... = .....  
[Enter A] [Enter B] [Enter C] [Enter D] [Amount]

(d) The alternate payee's benefit pursuant to QILDRO Section VII(A)(2) shall be calculated pursuant to Section IX of the QILDRO and paid as follows:

(...../.....) X ..... X ..... = .....  
[Enter A] [Enter B] [Enter C] [Enter D] [Amount]

The Retirement System's sole obligation with respect to the equations in this paragraph (3) is to pay the amounts indicated as the result of the equations. The Retirement System shall have no obligation to review or verify the equations or to assist in the calculations used to determine such amounts.

(4) The following shall apply only if the QILDRO allocated benefits to the alternate payee in the specific Section noted. The Retirement System shall pay the amounts as directed below, but only if and when the benefits are payable pursuant to the QILDRO and Section 1-119 of the Illinois Pension Code (40 ILCS 5/1-119).

(A) The alternate payee's benefit pursuant to QILDRO  
Section III(A) (3) shall be calculated and paid as follows:

..... X ..... = .....  
[Gross benefit amount] [Percentage] [Monthly Amount]

(B) The alternate payee's benefit pursuant to QILDRO  
Section V(A) (3) shall be calculated and paid as follows:

..... X ..... = .....  
[Gross benefit amount] [Percentage] [Amount]

(C) The alternate payee's benefit pursuant to QILDRO  
Section VI(A) (3) shall be calculated and paid as follows:

..... X ..... = .....  
[Gross benefit amount] [Percentage] [Amount]

(D) The alternate payee's benefit pursuant to QILDRO  
Section VII(A) (3) shall be calculated and paid as follows:

..... X ..... = .....  
[Gross benefit amount] [Percentage] [Amount]

The Retirement System's sole obligation with respect to the equations in this paragraph (4) is to pay the amounts indicated as the result of the equations. The Retirement System shall have no obligation to review or verify the equations or to assist in the calculations used to determine such amounts.

(5) The Court retains jurisdiction over this matter for the following purposes:

(A) to establish or maintain this Order as a QILDRO  
Calculation Court Order;

(B) to enter amended QILDROs and QILDRO Calculation Court Orders to conform to the parties' QILDRO, Marital Settlement Agreement or Agreement for Legal Separation ("Agreement"), to the parties' Judgment for Dissolution of Marriage or Judgment for Legal Separation ("Judgment"), to any modifications of the parties' QILDRO, Agreement, or Judgment, or to any supplemental orders entered to clarify the parties' QILDRO, Agreement, or Judgment; and

(C) To enter supplemental orders to clarify the intent of the parties or the Court regarding the benefits allocated herein in accordance with the parties' Agreement or Judgment, with any modifications of the parties' Agreement or Judgment, or with any supplemental orders entered to clarify the parties' Agreement or Judgment. A supplemental order may not require the Retirement System to take any action not permitted under Illinois law or the Retirement System's administrative rules. To the extent the supplemental order does not conform to Illinois law or administrative rule, it shall not be binding upon the Retirement System.

DATED: .....

SIGNED: .....  
 [Judge's Signature]

(o) (1) A court in Illinois that has issued a QILDRO shall retain jurisdiction of all issues relating to the modification of the QILDRO as indicated in Section XII of the QILDRO and in accordance with Illinois law. A court in Illinois that has issued a QILDRO Calculation Court Order shall retain jurisdiction of all issues relating to the modification of the QILDRO Calculation Court Order as indicated in Section 5 of the QILDRO Calculation Court Order and in accordance with Illinois law.

(2) The Administrative Review Law and the rules adopted pursuant thereto shall govern and apply to all proceedings for judicial review of final administrative decisions of the board of trustees of the retirement system arising under this Section.

The term "administrative decision" is defined as in Section 3-101 of the Code of Civil Procedure. The venue for review under the Administrative Review Law shall be the same as is provided by law for judicial review of other administrative decisions of the retirement system.

(p) (1) Each retirement system may adopt any procedures or rules that it deems necessary or useful for the implementation of this Section.

(2) Each retirement system may by rule modify the model QILDRO form provided in subsection (n), except that no retirement system may change that form in a way that limits the choices provided to the alternate payee in subsections (n) or (n-5). Each retirement system may by rule require that additional information be included in QILDROs presented to the system, as may be necessary to meet the needs of the retirement system.

(3) Each retirement system shall define its blank model QILDRO form and blank model QILDRO Calculation Court Order form as an original of the forms or a paper copy of the forms. Each retirement system shall, whenever possible, make the forms available on the internet in non-modifiable computer format (for example, Adobe Portable Document Format files) for printing purposes.

(4) If a retirement system in good faith implements an order under this Section that follows substantially the same form as the model order and the retirement system later discovers that the implemented order was not absolutely identical to the retirement system's model order, the retirement system's implementation shall not be a violation of this Section and the retirement system shall have no responsibility to compensate the member or the alternate payee for moneys that would have been paid or not paid had the order been identical to the model order.

(Source: P.A. 93-347, eff. 7-24-03; 94-657, eff. 7-1-06.)

(40 ILCS 5/1-120)

Sec. 1-120. Payment to trust.

(a) If a person is a minor or has been determined by a court to be under a legal disability, any benefits payable to that person under this Code may be paid to the trustee of a trust created for the sole benefit of that person while the person is living, if the trustee of the trust has advised the board of trustees of the pension fund or retirement system in writing that the benefits will be held or used for the sole benefit of that person. The pension fund or retirement system shall not be required to determine the validity of the trust or of any of the

terms of the trust. The representation of the trustee that the trust meets the requirements of this Section shall be conclusive as to the pension fund or retirement system. Payment of benefits to the trust shall be an absolute discharge of the pension fund or retirement system's liability with respect to the amounts so paid.

(b) For purposes of this Section, "minor" means an unmarried person under the age of 18.

(c) This Section is not a limitation on any other power to pay benefits to or on behalf of a minor or person under legal disability that is granted under this Code or other applicable law.

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

(40 ILCS 5/1-122)

Sec. 1-122. Service with the Legislative Ethics Commission or Office of the Legislative Inspector General. Notwithstanding any provision in this Code to the contrary, if a person serves as a part-time employee in any of the following positions: Legislative Inspector General, Special Legislative Inspector General, employee of the Office of the Legislative Inspector General, Executive Director of the Legislative Ethics Commission, or staff of the Legislative Ethics Commission, then (A) no retirement annuity or other benefit of that person under this Code is subject to forfeiture, diminishment, suspension, or other impairment solely by virtue of that service and (B) that person does not participate in any pension fund or retirement system under this Code with respect to that service, unless that person (i) is qualified to so participate and (ii) affirmatively elects to so participate. This Section applies without regard to whether the person is in active service under the applicable Article of this Code on or after the effective date of this amendatory Act of the 93rd General Assembly. In this Section, a "part-time employee" is a person who is not required to work at least 35 hours per week.

(Source: P.A. 93-685, eff. 7-8-04.)

(40 ILCS 5/1-123)

Sec. 1-123. Service as legal counsel. Notwithstanding any provision in this Code to the contrary, if a person is a participant under Article 18 and files a written election by July 1, 2005 with the Judges Retirement System of Illinois, then that person may serve either as legal counsel in the Office of the Governor or as Chief Deputy Attorney General and (A) no retirement annuity or other benefit of that person under Article 18 is subject to forfeiture, diminishment, suspension, or other impairment solely by virtue of that service and (B) that person does not participate in any pension fund or retirement system under this Code with respect to that service. This Section applies without regard to whether the person is in active service under Article 18 of this Code on or after the effective date of this amendatory Act of the 93rd General Assembly.

(Source: P.A. 93-1069, eff. 1-15-05.)

(40 ILCS 5/1-125)

Sec. 1-125. Prohibition on gifts.

(a) For the purposes of this Section:

"Gift" means a gift as defined in Section 1-5 of the State Officials and Employees Ethics Act.

"Prohibited source" means a person or entity who:

(i) is seeking official action (A) by the board or

(B) by a board member;

(ii) does business or seeks to do business (A) with the board or (B) with a board member;

(iii) has interests that may be substantially affected by the performance or non-performance of the official duties of the board member; or

(iv) is registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, except that an entity not otherwise a prohibited source does not become a prohibited source merely because a registered lobbyist is one of its members or serves on its board of directors.

(b) No trustee or employee of a retirement system, pension fund, or investment board created under this Code shall intentionally solicit or accept any gift from any prohibited source as prescribed in Article 10 of the State Officials and Employees Ethics Act. The exceptions contained in Section 10-15 of that Act, other than paragraphs (4) and (5) of that Section shall apply to trustees and employees of a retirement system, pension fund, or investment board created under this Code. Solicitation or acceptance of educational materials, however, is not prohibited. For the purposes of this Section, references to "State employee" and "employee" in Article 10 of the State Officials and Employees Ethics Act shall include a trustee or employee of a retirement system, pension fund, or investment board created under this Code.

(c) A municipality may adopt or maintain policies or ordinances that are more restrictive than those set forth in this Section and may continue to follow any existing policies or ordinances that are more restrictive or are in addition to those set forth in this Section.

(d) To the extent that the provisions of this Section conflict with the provisions of the State Officials and Employees Ethics Act, the provisions of this Section control.

(e) Violation of this Section is a Class A misdemeanor.  
(Source: P.A. 95-950, eff. 8-29-08; 96-6, eff. 4-3-09.)

(40 ILCS 5/1-130)

Sec. 1-130. No monetary gain on investments. No member or employee of the board of trustees of any retirement system, pension fund, or investment board created under this Code nor 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 created under this Code for which such person is a member or employee, nor receive any pay or emolument for services in connection with any investment. No member or employee of the board of trustees of any retirement system, pension fund, or investment board created under this Code shall become an endorser or surety, or in any manner an obligor for money loaned or borrowed from any retirement system or pension fund created under this Code or the Illinois State Board of Investment. For the purposes of this Section, an annuity otherwise provided in accordance with this Code or any income, gains, or profits related to any non-controlling interest in any public securities, mutual fund, or other passive investment is not considered monetary gain on investments.

Violation of this Section is a Class 3 felony.  
(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-135)

Sec. 1-135. 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 or pension fund created under this Code or the Illinois State Board of Investment is guilty of a Class 3 felony. Any reasonable suspicion by any appointed or elected commissioner, trustee, director, or board member of a retirement system or pension fund created under this Code or the State Board of Investment of a false statement or falsified record being submitted or permitted by a person under this Code shall be immediately referred to the board of trustees of the applicable retirement system or pension fund created under this Code, the State Board of Investment, or the State's Attorney of the jurisdiction where the alleged fraudulent activity occurred. The board of trustees of a retirement system or pension fund created under this Code or the State Board of Investment shall immediately notify the State's Attorney of the jurisdiction where any alleged fraudulent activity occurred for investigation. For the purposes of this Section, "reasonable suspicion" means a belief, based upon specific and articulable facts, taken together with rational inferences from those facts, that would lead a reasonable person to believe that fraud has been, or will be, committed. A reasonable suspicion is more than a non-particularized suspicion. A mere inconsistency, standing alone, does not give rise to a reasonable suspicion.  
(Source: P.A. 96-6, eff. 4-3-09; 97-651, eff. 1-5-12.)

(40 ILCS 5/1-140)

Sec. 1-140. Identification of deceased annuitants. Every pension fund or retirement system under this Code, except for a pension fund established under Article 3 or 4 of this Code, shall develop and implement, by no later than June 30, 2017, a process to identify annuitants who are deceased. The process shall require the pension fund or retirement system to check for any deceased annuitants at least once per month and shall include the use of any commonly used methods to identify persons who are deceased, which include, but are not limited to, the use of a third party entity that specializes in the identification of deceased persons, the use of data provided by the Social Security Administration, the use of data provided by the Department of Public Health's Office of Vital Records, or the use of any other method that is commonly used by other states to identify deceased persons.  
(Source: P.A. 99-683, eff. 7-29-16.)

(40 ILCS 5/1-145)

Sec. 1-145. Contingent and placement fees prohibited. 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 of this Code for compensation, contingent in whole or in part upon the decision or procurement. Any person who violates this Section 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 Section is prohibited for a period of 3 years from conducting such activities.  
(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-150)

Sec. 1-150. Approval of travel or educational mission. The expenses for travel or educational missions of a board member of a retirement system, pension fund, or investment board created under this Code, except those whose investments are restricted

by Section 1-113.2 of this Code, must be approved by a majority of the board prior to the travel or educational mission.  
(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-160)

Sec. 1-160. Provisions applicable to new hires.

(a) The provisions of this Section apply to a person who, on or after January 1, 2011, first becomes a member or a participant under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Article 2, 3, 4, 5, 6, 15 or 18 of this Code, notwithstanding any other provision of this Code to the contrary, but do not apply to any self-managed plan established under this Code, to any person with respect to service as a sheriff's law enforcement employee under Article 7, or to any participant of the retirement plan established under Section 22-101. Notwithstanding anything to the contrary in this Section, for purposes of this Section, a person who participated in a retirement system under Article 15 prior to January 1, 2011 shall be deemed a person who first became a member or participant prior to January 1, 2011 under any retirement system or pension fund subject to this Section. The changes made to this Section by Public Act 98-596 are a clarification of existing law and are intended to be retroactive to January 1, 2011 (the effective date of Public Act 96-889), notwithstanding the provisions of Section 1-103.1 of this Code.

This Section does not apply to a person who first becomes a noncovered employee under Article 14 on or after the implementation date of the plan created under Section 1-161 for that Article, unless that person elects under subsection (b) of Section 1-161 to instead receive the benefits provided under this Section and the applicable provisions of that Article.

This Section does not apply to a person who first becomes a member or participant under Article 16 on or after the implementation date of the plan created under Section 1-161 for that Article, unless that person elects under subsection (b) of Section 1-161 to instead receive the benefits provided under this Section and the applicable provisions of that Article.

This Section does not apply to a person who elects under subsection (c-5) of Section 1-161 to receive the benefits under Section 1-161.

This Section does not apply to a person who first becomes a member or participant of an affected pension fund on or after 6 months after the resolution or ordinance date, as defined in Section 1-162, unless that person elects under subsection (c) of Section 1-162 to receive the benefits provided under this Section and the applicable provisions of the Article under which he or she is a member or participant.

(b) "Final average salary" means the average monthly (or annual) salary obtained by dividing the total salary or earnings calculated under the Article applicable to the member or participant during the 96 consecutive months (or 8 consecutive years) of service within the last 120 months (or 10 years) of service in which the total salary or earnings calculated under the applicable Article was the highest by the number of months (or years) of service in that period. For the purposes of a person who first becomes a member or participant of any retirement system or pension fund to which this Section applies on or after January 1, 2011, in this Code, "final average salary" shall be substituted for the following:

(1) In Article 7 (except for service as sheriff's law enforcement employees), "final rate of earnings".

(2) In Articles 8, 9, 10, 11, and 12, "highest



(3) In Article 13, "average final salary".  
(4) In Article 14, "final average compensation".  
(5) In Article 17, "average salary".  
(6) In Section 22-207, "wages or salary received

(b-5) Beginning on January 1, 2011, for all purposes under this Code (including without limitation the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant to whom this Section applies shall not exceed \$106,800; however, that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

(c) A member or participant is entitled to a retirement annuity upon written application if he or she has attained age 67 (beginning January 1, 2015, age 65 with respect to service under Article 12 of this Code that is subject to this Section) and has at least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article.

(c-5) A person who first becomes a member or a participant subject to this Section on or after July 6, 2017 (the effective date of Public Act 100-23), notwithstanding any other provision of this Code to the contrary, is entitled to a retirement annuity under Article 8 or Article 11 upon written application if he or she has attained age 65 and has at least 10 years of service credit and is otherwise eligible under the requirements of Article 8 or Article 11 of this Code, whichever is applicable.

(d) The retirement annuity of a member or participant who is retiring after attaining age 62 (beginning January 1, 2015, age 60 with respect to service under Article 12 of this Code that is subject to this Section) with at least 10 years of service credit shall be reduced by one-half of 1% for each full month that the member's age is under age 67 (beginning January 1, 2015, age 65 with respect to service under Article 12 of this Code that is subject to this Section).

(d-5) The retirement annuity payable under Article 8 or Article 11 to an eligible person subject to subsection (c-5) of this Section who is retiring at age 60 with at least 10 years of service credit shall be reduced by one-half of 1% for each full month that the member's age is under age 65.

(d-10) Each person who first became a member or participant under Article 8 or Article 11 of this Code on or after January

1, 2011 and prior to the effective date of this amendatory Act of the 100th General Assembly shall make an irrevocable election either:

(i) to be eligible for the reduced retirement age provided in subsections (c-5) and (d-5) of this Section, the eligibility for which is conditioned upon the member or participant agreeing to the increases in employee contributions for age and service annuities provided in subsection (a-5) of Section 8-174 of this Code (for service under Article 8) or subsection (a-5) of Section 11-170 of this Code (for service under Article 11); or

(ii) to not agree to item (i) of this subsection (d-10), in which case the member or participant shall continue to be subject to the retirement age provisions in subsections (c) and (d) of this Section and the employee contributions for age and service annuity as provided in subsection (a) of Section 8-174 of this Code (for service under Article 8) or subsection (a) of Section 11-170 of this Code (for service under Article 11).

The election provided for in this subsection shall be made between October 1, 2017 and November 15, 2017. A person subject to this subsection who makes the required election shall remain bound by that election. A person subject to this subsection who fails for any reason to make the required election within the time specified in this subsection shall be deemed to have made the election under item (ii).

(e) Any retirement annuity or supplemental annuity shall be subject to annual increases on the January 1 occurring either on or after the attainment of age 67 (beginning January 1, 2015, age 65 with respect to service under Article 12 of this Code that is subject to this Section and beginning on the effective date of this amendatory Act of the 100th General Assembly, age 65 with respect to service under Article 8 or Article 11 for eligible persons who: (i) are subject to subsection (c-5) of this Section; or (ii) made the election under item (i) of subsection (d-10) of this Section) or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

For the purposes of Section 1-103.1 of this Code, the changes made to this Section by this amendatory Act of the 100th General Assembly are applicable without regard to whether the employee was in active service on or after the effective date of this amendatory Act of the 100th General Assembly.

(f) The initial survivor's or widow's annuity of an otherwise eligible survivor or widow of a retired member or participant who first became a member or participant on or after January 1, 2011 shall be in the amount of 66 2/3% of the retired member's or participant's retirement annuity at the date of death. In the case of the death of a member or participant who has not retired and who first became a member or participant on or after January 1, 2011, eligibility for a survivor's or widow's annuity shall be determined by the applicable Article of this Code. The initial benefit shall be 66 2/3% of the earned annuity without a reduction due to age. A child's annuity of an otherwise eligible child shall be in the amount prescribed under each Article if applicable. Any survivor's or widow's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died

while receiving a retirement annuity or (2) in other cases, on each January 1 occurring after the first anniversary of the commencement of the annuity. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted survivor's annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

(g) The benefits in Section 14-110 apply only if the person is a State policeman, a fire fighter in the fire protection service of a department, a conservation police officer, an investigator for the Secretary of State, an arson investigator, a Commerce Commission police officer, investigator for the Department of Revenue or the Illinois Gaming Board, a security employee of the Department of Corrections or the Department of Juvenile Justice, or a security employee of the Department of Innovation and Technology, as those terms are defined in subsection (b) and subsection (c) of Section 14-110. A person who meets the requirements of this Section is entitled to an annuity calculated under the provisions of Section 14-110, in lieu of the regular or minimum retirement annuity, only if the person has withdrawn from service with not less than 20 years of eligible creditable service and has attained age 60, regardless of whether the attainment of age 60 occurs while the person is still in service.

(h) If a person who first becomes a member or a participant of a retirement system or pension fund subject to this Section on or after January 1, 2011 is receiving a retirement annuity or retirement pension under that system or fund and becomes a member or participant under any other system or fund created by this Code and is employed on a full-time basis, except for those members or participants exempted from the provisions of this Section under subsection (a) of this Section, then the person's retirement annuity or retirement pension under that system or fund shall be suspended during that employment. Upon termination of that employment, the person's retirement annuity or retirement pension payments shall resume and be recalculated if recalculation is provided for under the applicable Article of this Code.

If a person who first becomes a member of a retirement system or pension fund subject to this Section on or after January 1, 2012 and is receiving a retirement annuity or retirement pension under that system or fund and accepts on a contractual basis a position to provide services to a governmental entity from which he or she has retired, then that person's annuity or retirement pension earned as an active employee of the employer shall be suspended during that contractual service. A person receiving an annuity or retirement pension under this Code shall notify the pension fund or retirement system from which he or she is receiving an annuity or retirement pension, as well as his or her contractual employer, of his or her retirement status before accepting contractual employment. A person who fails to submit such notification shall be guilty of a Class A misdemeanor and required to pay a fine of \$1,000. Upon termination of that contractual employment, the person's retirement annuity or retirement pension payments shall resume and, if appropriate, be recalculated under the applicable provisions of this Code.

(i) (Blank).

(j) In the case of a conflict between the provisions of this Section and any other provision of this Code, the provisions of this Section shall control.

(Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17; 100-563, eff. 12-8-17; 100-611, eff. 7-20-18; 100-1166, eff. 1-4-19; 101-610, eff. 1-1-20.)

(40 ILCS 5/1-161)

Sec. 1-161. Optional benefits for certain Tier 2 members under Articles 14, 15, and 16.

(a) Notwithstanding any other provision of this Code to the contrary, the provisions of this Section apply to a person who first becomes a member or a participant under Article 14, 15, or 16 on or after the implementation date under this Section for the applicable Article and who does not make the election under subsection (b) or (c), whichever applies. The provisions of this Section also apply to a person who makes the election under subsection (c-5). However, the provisions of this Section do not apply to any participant in a self-managed plan, nor to a covered employee under Article 14.

As used in this Section and Section 1-160, the "implementation date" under this Section means the earliest date upon which the board of a retirement system authorizes members of that system to begin participating in accordance with this Section, as determined by the board of that retirement system. Each of the retirement systems subject to this Section shall endeavor to make such participation available as soon as possible after the effective date of this Section and shall establish an implementation date by board resolution.

(b) In lieu of the benefits provided under this Section, a member or participant, except for a participant under Article 15, may irrevocably elect the benefits under Section 1-160 and the benefits otherwise applicable to that member or participant. The election must be made within 30 days after becoming a member or participant. Each retirement system shall establish procedures for making this election.

(c) A participant under Article 15 may irrevocably elect the benefits otherwise provided to a Tier 2 member under Article 15. The election must be made within 30 days after becoming a member. The retirement system under Article 15 shall establish procedures for making this election.

(c-5) A non-covered participant under Article 14 to whom Section 1-160 applies, a Tier 2 member under Article 15, or a participant under Article 16 to whom Section 1-160 applies may irrevocably elect to receive the benefits under this Section in lieu of the benefits under Section 1-160 or the benefits otherwise available to a Tier 2 member under Article 15, whichever is applicable. Each retirement System shall establish procedures for making this election.

(d) "Final average salary" means the average monthly (or annual) salary obtained by dividing the total salary or earnings calculated under the Article applicable to the member or participant during the last 120 months (or 10 years) of service in which the total salary or earnings calculated under the applicable Article was the highest by the number of months (or years) of service in that period. For the purposes of a person to whom this Section applies, in this Code, "final average salary" shall be substituted for "final average compensation" in Article 14.

(e) Beginning on the implementation date, for all purposes under this Code (including without limitation the calculation of benefits and employee contributions), the annual earnings, salary, compensation, or wages (based on the plan year) of a member or participant to whom this Section applies shall not at any time exceed the federal Social Security Wage Base then in effect.

(f) A member or participant is entitled to a retirement

annuity upon written application if he or she has attained the normal retirement age determined by the Social Security Administration for that member or participant's year of birth, but no earlier than 67 years of age, and has at least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article.

(g) The amount of the retirement annuity to which a member or participant is entitled shall be computed by multiplying 1.25% for each year of service credit by his or her final average salary.

(h) Any retirement annuity or supplemental annuity shall be subject to annual increases on the first anniversary of the annuity start date. Each annual increase shall be one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-w for the 12 months ending with the September preceding each November 1 of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-w for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

For the purposes of this Section, "consumer price index-w" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by Urban Wage Earners and Clerical Workers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by November 1 of each year.

(i) The initial survivor's or widow's annuity of an otherwise eligible survivor or widow of a retired member or participant to whom this Section applies shall be in the amount of  $66 \frac{2}{3}\%$  of the retired member's or participant's retirement annuity at the date of death. In the case of the death of a member or participant who has not retired and to whom this Section applies, eligibility for a survivor's or widow's annuity shall be determined by the applicable Article of this Code. The benefit shall be  $66 \frac{2}{3}\%$  of the earned annuity without a reduction due to age. A child's annuity of an otherwise eligible child shall be in the amount prescribed under each Article if applicable.

(j) In lieu of any other employee contributions, except for the contribution to the defined contribution plan under subsection (k) of this Section, each employee shall contribute 6.2% of his or her salary to the retirement system. However, the employee contribution under this subsection shall not exceed the amount of the total normal cost of the benefits for all members making contributions under this Section (except for the defined contribution plan under subsection (k) of this Section), expressed as a percentage of payroll and certified on or before January 15 of each year by the board of trustees of the retirement system. If the board of trustees of the retirement system certifies that the 6.2% employee contribution rate exceeds the normal cost of the benefits under this Section (except for the defined contribution plan under subsection (k) of this Section), then on or before December 1 of that year, the board of trustees shall certify the amount of the normal cost of the benefits under this Section (except for the defined contribution plan under subsection (k) of this Section), expressed as a percentage of payroll, to the State Actuary and the Commission on Government Forecasting and Accountability, and the employee contribution under this subsection shall be reduced to that amount beginning July 1 of that year. Thereafter, if the normal cost of the benefits under this Section (except for the

defined contribution plan under subsection (k) of this Section), expressed as a percentage of payroll and certified on or before January 1 of each year by the board of trustees of the retirement system, exceeds 6.2% of salary, then on or before January 15 of that year, the board of trustees shall certify the normal cost to the State Actuary and the Commission on Government Forecasting and Accountability, and the employee contributions shall revert back to 6.2% of salary beginning January 1 of the following year.

(k) In accordance with each retirement system's implementation date, each retirement system under Article 14, 15, or 16 shall prepare and implement a defined contribution plan for members or participants who are subject to this Section. The defined contribution plan developed under this subsection shall be a plan that aggregates employer and employee contributions in individual participant accounts which, after meeting any other requirements, are used for payouts after retirement in accordance with this subsection and any other applicable laws.

(1) Each member or participant shall contribute a minimum of 4% of his or her salary to the defined contribution plan.

(2) For each participant in the defined contribution plan who has been employed with the same employer for at least one year, employer contributions shall be paid into that participant's accounts at a rate expressed as a percentage of salary. This rate may be set for individual employees, but shall be no higher than 6% of salary and shall be no lower than 2% of salary.

(3) Employer contributions shall vest when those contributions are paid into a member's or participant's account.

(4) The defined contribution plan shall provide a variety of options for investments. These options shall include investments handled by the Illinois State Board of Investment as well as private sector investment options.

(5) The defined contribution plan shall provide a variety of options for payouts to retirees and their survivors.

(6) To the extent authorized under federal law and as authorized by the retirement system, the defined contribution plan shall allow former participants in the plan to transfer or roll over employee and employer contributions, and the earnings thereon, into other qualified retirement plans.

(7) Each retirement system shall reduce the employee contributions credited to the member's defined contribution plan account by an amount determined by that retirement system to cover the cost of offering the benefits under this subsection and any applicable administrative fees.

(8) No person shall begin participating in the defined contribution plan until it has attained qualified plan status and received all necessary approvals from the U.S. Internal Revenue Service.

(l) In the case of a conflict between the provisions of this Section and any other provision of this Code, the provisions of this Section shall control.

(Source: P.A. 100-23, eff. 7-6-17.)

(40 ILCS 5/1-162)

Sec. 1-162. Optional benefits for certain Tier 2 members of pension funds under Articles 8, 9, 10, 11, 12, and 17.

(a) As used in this Section:

"Affected pension fund" means a pension fund established

under Article 8, 9, 10, 11, 12, or 17 that the governing body of the unit of local government has designated as an affected pension fund by adoption of a resolution or ordinance.

"Resolution or ordinance date" means the date on which the governing body of the unit of local government designates a pension fund under Article 8, 9, 10, 11, 12, or 17 as an affected pension fund by adoption of a resolution or ordinance or July 1, 2018, whichever is later.

(b) Notwithstanding any other provision of this Code to the contrary, the provisions of this Section apply to a person who first becomes a member or a participant in an affected pension fund on or after 6 months after the resolution or ordinance date and who does not make the election under subsection (c).

(c) In lieu of the benefits provided under this Section, a member or participant may irrevocably elect the benefits under Section 1-160 and the benefits otherwise applicable to that member or participant. The election must be made within 30 days after becoming a member or participant. Each affected pension fund shall establish procedures for making this election.

(d) "Final average salary" means the average monthly (or annual) salary obtained by dividing the total salary or earnings calculated under the Article applicable to the member or participant during the last 120 months (or 10 years) of service in which the total salary or earnings calculated under the applicable Article was the highest by the number of months (or years) of service in that period. For the purposes of a person who first becomes a member or participant of an affected pension fund on or after 6 months after the ordinance or resolution date, in this Code, "final average salary" shall be substituted for the following:

(1) In Articles 8, 9, 10, 11, and 12, "highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal".

(2) In Article 17, "average salary".

(e) Beginning 6 months after the resolution or ordinance date, for all purposes under this Code (including without limitation the calculation of benefits and employee contributions), the annual earnings, salary, or wages (based on the plan year) of a member or participant to whom this Section applies shall not at any time exceed the federal Social Security Wage Base then in effect.

(f) A member or participant is entitled to a retirement annuity upon written application if he or she has attained the normal retirement age determined by the Social Security Administration for that member or participant's year of birth, but no earlier than 67 years of age, and has at least 10 years of service credit and is otherwise eligible under the requirements of the applicable Article.

(g) The amount of the retirement annuity to which a member or participant is entitled shall be computed by multiplying 1.25% for each year of service credit by his or her final average salary.

(h) Any retirement annuity or supplemental annuity shall be subject to annual increases on the first anniversary of the annuity start date. Each annual increase shall be one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-w for the 12 months ending with the September preceding each November 1 of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-w for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

For the purposes of this Section, "consumer price index-w" means the index published by the Bureau of Labor Statistics of

the United States Department of Labor that measures the average change in prices of goods and services purchased by Urban Wage Earners and Clerical Workers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by November 1 of each year.

(i) The initial survivor's or widow's annuity of an otherwise eligible survivor or widow of a retired member or participant who first became a member or participant on or after 6 months after the resolution or ordinance date shall be in the amount of  $66 \frac{2}{3}\%$  of the retired member's or participant's retirement annuity at the date of death. In the case of the death of a member or participant who has not retired and who first became a member or participant on or after 6 months after the resolution or ordinance date, eligibility for a survivor's or widow's annuity shall be determined by the applicable Article of this Code. The benefit shall be  $66 \frac{2}{3}\%$  of the earned annuity without a reduction due to age. A child's annuity of an otherwise eligible child shall be in the amount prescribed under each Article if applicable.

(j) In lieu of any other employee contributions, except for the contribution to the defined contribution plan under subsection (k) of this Section, each employee shall contribute 6.2% of his or her salary to the affected pension fund. However, the employee contribution under this subsection shall not exceed the amount of the normal cost of the benefits under this Section (except for the defined contribution plan under subsection (k) of this Section), expressed as a percentage of payroll and determined on or before November 1 of each year by the board of trustees of the affected pension fund. If the board of trustees of the affected pension fund determines that the 6.2% employee contribution rate exceeds the normal cost of the benefits under this Section (except for the defined contribution plan under subsection (k) of this Section), then on or before December 1 of that year, the board of trustees shall certify the amount of the normal cost of the benefits under this Section (except for the defined contribution plan under subsection (k) of this Section), expressed as a percentage of payroll, to the State Actuary and the Commission on Government Forecasting and Accountability, and the employee contribution under this subsection shall be reduced to that amount beginning January 1 of the following year. Thereafter, if the normal cost of the benefits under this Section (except for the defined contribution plan under subsection (k) of this Section), expressed as a percentage of payroll and determined on or before November 1 of each year by the board of trustees of the affected pension fund, exceeds 6.2% of salary, then on or before December 1 of that year, the board of trustees shall certify the normal cost to the State Actuary and the Commission on Government Forecasting and Accountability, and the employee contributions shall revert back to 6.2% of salary beginning January 1 of the following year.

(k) No later than 5 months after the resolution or ordinance date, an affected pension fund shall prepare and implement a defined contribution plan for members or participants who are subject to this Section. The defined contribution plan developed under this subsection shall be a plan that aggregates employer and employee contributions in individual participant accounts which, after meeting any other requirements, are used for payouts after retirement in accordance with this subsection and any other applicable laws.

(l) Each member or participant shall contribute a minimum of 4% of his or her salary to the defined contribution plan.



(2) For each participant in the defined contribution plan who has been employed with the same employer for at least one year, employer contributions shall be paid into that participant's accounts at a rate expressed as a percentage of salary. This rate may be set for individual employees, but shall be no higher than 6% of salary and shall be no lower than 2% of salary.

(3) Employer contributions shall vest when those contributions are paid into a member's or participant's account.

(4) The defined contribution plan shall provide a variety of options for investments. These options shall include investments handled by the Illinois State Board of Investment as well as private sector investment options.

(5) The defined contribution plan shall provide a variety of options for payouts to retirees and their survivors.

(6) To the extent authorized under federal law and as authorized by the affected pension fund, the defined contribution plan shall allow former participants in the plan to transfer or roll over employee and employer contributions, and the earnings thereon, into other qualified retirement plans.

(7) Each affected pension fund shall reduce the employee contributions credited to the member's defined contribution plan account by an amount determined by that affected pension fund to cover the cost of offering the benefits under this subsection and any applicable administrative fees.

(8) No person shall begin participating in the defined contribution plan until it has attained qualified plan status and received all necessary approvals from the U.S. Internal Revenue Service.

(1) In the case of a conflict between the provisions of this Section and any other provision of this Code, the provisions of this Section shall control.

(Source: P.A. 100-23, eff. 7-6-17; 101-81, eff. 7-12-19.)

(40 ILCS 5/1-165)

Sec. 1-165. Commission on Government Forecasting and Accountability study. The Commission on Government Forecasting and Accountability shall conduct a study on the feasibility of:

(1) the creation of an investment pool to supplement and enhance the investment opportunities available to boards of trustees of the pension funds organized under Articles 3 and 4 of this Code; the study shall include an analysis on any cost or cost savings associated with establishing the system and transferring assets for management under the investment pool; and

(2) enacting a contribution cost-share component wherein employing municipalities and members of funds established under Articles 3 and 4 of this Code each contribute 50% of the normal cost of the defined-benefit plan.

The Commission shall issue a report on its findings on or before December 31, 2011.

(Source: P.A. 96-1495, eff. 1-1-11.)

(40 ILCS 5/1-166)

Sec. 1-166. Proportional annuity liability.

(a) If a participant's final average salary in a participating system under the Retirement Systems Reciprocal Act, other than the General Assembly Retirement System, is used

to calculate a proportional retirement annuity for that participant under the General Assembly Retirement System, if that final average salary is higher than the highest salary for annuity purposes of that person under the General Assembly Retirement System, and if the participant retires after the effective date of this Section with less than 2 years of service that has accrued in that participating system since his or her last day of active participation in the General Assembly Retirement System, then the increased cost of the proportional annuity paid by the General Assembly Retirement System that is attributable to that higher level of compensation shall be paid by the employer of the participant under that other participating system to the General Assembly Retirement System in the form of a lump sum payment determined by the General Assembly Retirement System in accordance with its annuity tables and other actuarial assumptions.

(b) For the purposes of this Section, "final average salary in a participating system under the Retirement Systems Reciprocal Act, other than the General Assembly Retirement System," includes:

- (1) In Section 1-160 and Articles 16 and 18, "final average salary".
- (2) In Articles 7 and 15, "final rate of earnings".
- (3) In Articles 8, 9, 10, 11, and 12, "highest average annual salary for any 4 consecutive years within the last 10 years of service immediately preceding the date of withdrawal".
- (4) In Article 13, "average final salary".
- (5) In Article 14, "final average compensation".
- (6) In Article 17, "average salary".
- (7) In Section 22-207, "wages or salary received by him at the date of retirement or discharge".

(c) If an employer fails to pay the amount required under this Section to the General Assembly Retirement System for more than 90 days after the payment is due, the System, after giving notice to the employer, may certify to the State Comptroller the amount of the delinquent payment and the Comptroller shall deduct the amount so certified or any part thereof from any payment of State funds to the employer and shall pay the amount so deducted to the System. If State funds from which such deductions may be made are not available, then the System may proceed against the employer to recover the amount of the delinquent payment in the appropriate circuit court.

(Source: P.A. 97-967, eff. 8-16-12.)

(40 ILCS 5/1-167)

Sec. 1-167. Prohibited disclosures. No pension fund or retirement system subject to this Code shall disclose the following information of any members or participants of any pension fund or retirement system: (1) the individual's home address (including ZIP code and county); (2) the individual's date of birth; (3) the individual's home and personal phone number; (4) the individual's personal email address; (5) personally identifying member or participant deduction information; or (6) any membership status in a labor organization or other voluntary association affiliated with a labor organization or labor federation (including whether participants are members of such organization, the identity of such organization, whether or not participants pay or authorize the payment of any dues or moneys to such organization, and the amounts of such dues or moneys).

This Section does not apply to disclosures (i) required under the Freedom of Information Act, (ii) for purposes of conducting public operations or business, or (iii) to a labor

organization or other voluntary association affiliated with a  
labor organization or labor federation.  
(Source: P.A. 101-620, eff. 12-20-19.)

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## **PENSIONS**

### **(40 ILCS 5/) Illinois Pension Code.**

(40 ILCS 5/Art. 15 heading)

#### ARTICLE 15. STATE UNIVERSITIES RETIREMENT SYSTEM

(40 ILCS 5/15-101) (from Ch. 108 1/2, par. 15-101)

Sec. 15-101. Creation of system. A retirement system is created to provide retirement annuities and other benefits for employees, as defined in this Article, and their dependents.

The system shall be known and may be cited as State Universities Retirement System. All the business of the system shall be transacted in that name.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-102) (from Ch. 108 1/2, par. 15-102)

Sec. 15-102. Terms defined. The terms used in this Article shall have the meanings ascribed to them in Sections 15-103 through 15-198, except when the context otherwise requires.

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

(40 ILCS 5/15-103) (from Ch. 108 1/2, par. 15-103)

Sec. 15-103. System. "System": The State Universities Retirement System.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-103.1)

Sec. 15-103.1. Traditional Benefit Package. "Traditional benefit package": The defined benefit retirement program maintained under the System which includes retirement annuities payable directly from the System as provided in Sections 15-135 through 15-140 (but disregarding Section 15-136.4), disability retirement annuities payable under Section 15-153.2, death benefits payable directly from the System as provided in Sections 15-141 through 15-144, survivors insurance benefits payable directly from the System as provided in Sections 15-145 through 15-149, and contribution refunds as provided in Section 15-154. The traditional benefit package also includes disability benefits as provided in Sections 15-150 through 15-153.3.

(Source: P.A. 90-766, eff. 8-14-98.)

(40 ILCS 5/15-103.2)

Sec. 15-103.2. Portable Benefit Package. "Portable benefit package": The defined benefit retirement program maintained

under the System which includes retirement annuities payable directly from the System as provided in Sections 15-135 through 15-139 (specifically including Section 15-136.4), disability retirement annuities payable under Section 15-153.2, death benefits payable directly from the System as provided in Sections 15-141 through 15-144, and contribution refunds as provided in Section 15-154. The portable benefit package also includes disability benefits as provided in Sections 15-150 through 15-153.3. The portable benefit package does not include the survivors insurance benefits payable directly from the System as provided in Sections 15-145 through 15-149. (Source: P.A. 90-766, eff. 8-14-98.)

(40 ILCS 5/15-103.3)

Sec. 15-103.3. Self-Managed Plan. "Self-managed plan": The defined contribution retirement program maintained under the System as described in Section 15-158.2. The self-managed plan also includes disability benefits as provided in Sections 15-150 through 15-153.3 (but disregarding disability retirement annuities under Section 15-153.2). The self-managed plan does not include retirement annuities, death benefits, or survivors insurance benefits payable directly from the System as provided in Sections 15-135 through 15-149 and Section 15-153.2, or refunds determined under Section 15-154. (Source: P.A. 90-766, eff. 8-14-98.)

(40 ILCS 5/15-104) (from Ch. 108 1/2, par. 15-104)

Sec. 15-104. The 1941 Act. "The 1941 Act": "An Act to provide for the creation, maintenance and administration of a Retirement System for the benefit of the staff members and employees of the state universities and certain affiliated organizations, certain other state educational and scientific agencies, and the survivors, dependents and other beneficiaries of such employees", approved July 21, 1941 as amended, and repealed in 1963. (Source: P.A. 83-1440.)

(40 ILCS 5/15-105) (from Ch. 108 1/2, par. 15-105)

Sec. 15-105. Board.

"Board": The Board of Trustees of the System.

(Source: Laws 1963, p. 161.)

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

Sec. 15-106. Employer. "Employer": The University of Illinois, Southern Illinois University, Chicago State University, Eastern Illinois University, Governors State University, Illinois State University, Northeastern Illinois University, Northern Illinois University, Western Illinois University, the State Board of Higher Education, the Illinois Mathematics and Science Academy, the University Civil Service Merit Board, the Board of Trustees of the State Universities Retirement System, the Illinois Community College Board, community college boards, any association of community college boards organized under Section 3-55 of the Public Community College Act, the Board of Examiners established under the Illinois Public Accounting Act, and, only during the period for which employer contributions required under Section 15-155 are paid, the following organizations: the alumni associations, the foundations and the athletic associations which are affiliated with the universities and colleges included in this Section as



Service Retirement System and is currently making contributions to that system based upon earnings paid by an employer;

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

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

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

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

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

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

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

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

(g) A staff member whose employment contract requires services during an academic term is to be considered an employee during the summer and other vacation periods, unless he or she declines an employment contract for the succeeding academic term or his or her employment status is otherwise terminated, and he or she receives no earnings during these periods.

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

(i) An individual who is employed on a full-time basis as an officer or employee of a statewide teacher organization that serves System participants or an officer of a national teacher organization that serves System participants may participate in the System and shall be deemed an employee, provided that (1) the individual has previously earned creditable service under this Article, (2) the individual files with the System an irrevocable election to become a participant before January 5, 2012 (the effective date of Public Act 97-651), (3) the individual does not receive credit for that employment under any other Article of this Code, and (4) the individual first became a full-time employee of the teacher organization and becomes a participant before January 5, 2012 (the effective date of Public Act 97-651). An employee under this subsection (i) is responsible for paying to the System both (A) employee contributions based on the actual compensation received for service with the teacher organization and (B) employer contributions equal to the normal costs (as defined in Section 15-155) resulting from that service; all or any part of these contributions may be paid on the employee's behalf or picked up for tax purposes (if authorized under federal law) by the teacher organization.

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

(j) A person employed by the State Board of Higher Education in a position with the Illinois Century Network as of June 30, 2004 shall be considered to be an employee for so long as he or she remains continuously employed after that date by the Department of Central Management Services in a position with the Illinois Century Network, the Bureau of Communication and Computer Services, or, if applicable, any successor bureau or the Department of Innovation and Technology and meets the requirements of subsection (a).

(k) The Board shall promulgate rules with respect to determining whether any person is an employee within the meaning of this Section. In the case of doubt as to whether any person is an employee within the meaning of this Section or any rule adopted by the Board, the decision of the Board shall be final. (Source: P.A. 101-81, eff. 7-12-19; 101-321, eff. 8-9-19.)

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

Sec. 15-108. Participant. "Participant": A person participating in this system as specified in Section 15-134. (Source: P.A. 83-1440.)

(40 ILCS 5/15-108.1)

Sec. 15-108.1. Tier 1 member. "Tier 1 member": A participant or an annuitant of a retirement annuity under this Article, other than a participant in the self-managed plan under Section 15-158.2, who first became a participant or member before January 1, 2011 under any reciprocal retirement system or pension fund established under this Code, other than a retirement system or pension fund established under Articles 2, 3, 4, 5, 6, or 18 of this Code. "Tier 1 member" includes a person who first became a participant under this System before



January 1, 2011 and who accepts a refund and is subsequently reemployed by an employer on or after January 1, 2011.  
(Source: P.A. 98-92, eff. 7-16-13.)

(40 ILCS 5/15-108.2)

Sec. 15-108.2. Tier 2 member. "Tier 2 member": A person who first becomes a participant under this Article on or after January 1, 2011 and before the implementation date, as defined under subsection (a) of Section 1-161, determined by the Board, other than a person in the self-managed plan established under Section 15-158.2 or a person who makes the election under subsection (c) of Section 1-161, unless the person is otherwise a Tier 1 member. The changes made to this Section by this amendatory Act of the 98th General Assembly are a correction of existing law and are intended to be retroactive to the effective date of Public Act 96-889, notwithstanding the provisions of Section 1-103.1 of this Code.  
(Source: P.A. 100-23, eff. 7-6-17; 100-563, eff. 12-8-17.)

(40 ILCS 5/15-109) (from Ch. 108 1/2, par. 15-109)

Sec. 15-109. Participating employee. "Participating employee": A participant who at the time is an employee.  
(Source: P.A. 83-1440.)

(40 ILCS 5/15-110) (from Ch. 108 1/2, par. 15-110)

Sec. 15-110. Basic compensation. "Basic compensation": Subject to Section 15-111.5, the gross basic rate of salary or wages payable by an employer, including:

- (1) the value of maintenance, board, living quarters, personal laundry, or other allowances furnished in lieu of salary which are considered gross income under the federal Internal Revenue Code of 1986, as amended;
- (2) the employee contributions required under Section 15-157;
- (3) the amount paid by any employer to a custodial account for investment in regulated investment company stocks for the benefit of the employee pursuant to the University Employees Custodial Accounts Act;
- (4) the amount of the premium payable by any employer to an insurance company or companies on an annuity contract, pursuant to the employee's election to accept a reduction in earnings or forego an increase in earnings under Section 30c of the State Finance Act, or a tax-sheltered annuity plan approved by any employer; and
- (5) the amount of any elective deferral to a deferred compensation plan established under this Article or Article 24 of this Code pursuant to Section 457(b) of the federal Internal Revenue Code of 1986, as amended.

Basic compensation does not include (1) salary or wages for overtime or other extra service; (2) prospective salary or wages under a summer teaching contract not yet entered upon; and (3) overseas differential allowances, quarters allowances, post allowances, educational allowances and transportation allowances paid by an employer under a contract with the federal government or its agencies for services rendered in other countries. If an employee elects to receive in lieu of cash salary or wages, fringe benefits which are not taxable under the federal Internal Revenue Code of 1986, as amended, the amount of the cash salary or wages which is waived shall be included in determining basic compensation.

(Source: P.A. 101-321, eff. 8-9-19.)

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

(a) "Earnings": Subject to Section 15-111.5, an amount paid for personal services equal to the sum of the basic compensation plus extra compensation for summer teaching, overtime or other extra service. For periods for which an employee receives service credit under subsection (c) of Section 15-113.1 or Section 15-113.2, earnings are equal to the basic compensation on which contributions are paid by the employee during such periods. Compensation for employment which is irregular, intermittent and temporary shall not be considered earnings, unless the participant is also receiving earnings from the employer as an employee under Section 15-107.

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

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

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

(b) For a Tier 2 member, the annual earnings shall not exceed \$106,800; however, that amount shall annually thereafter be increased by the lesser of (i) 3% of that amount, including all previous adjustments, or (ii) one half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

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

(c) With each submission of payroll information in the manner prescribed by the System, the employer shall certify that the payroll information is correct and complies with all applicable State and federal laws.

(Source: P.A. 98-92, eff. 7-16-13; 99-897, eff. 1-1-17.)

(40 ILCS 5/15-111.5)

Sec. 15-111.5. Basic compensation and earnings restrictions. For an employee who first becomes a participant on or after the effective date of this amendatory Act of the 99th General Assembly, basic compensation under Section 15-110 and earnings under Section 15-111 shall not include bonuses, housing

allowances, vehicle allowances, social club dues, or athletic club dues.

(Source: P.A. 99-897, eff. 1-1-17.)

(40 ILCS 5/15-112) (from Ch. 108 1/2, par. 15-112)

Sec. 15-112. Final rate of earnings. "Final rate of earnings":

(a) This subsection (a) applies only to a Tier 1 member.

For an employee who is paid on an hourly basis or who receives an annual salary in installments during 12 months of each academic year, the average annual earnings during the 48 consecutive calendar month period ending with the last day of final termination of employment or the 4 consecutive academic years of service in which the employee's earnings were the highest, whichever is greater. For any other employee, the average annual earnings during the 4 consecutive academic years of service in which his or her earnings were the highest. For an employee with less than 48 months or 4 consecutive academic years of service, the average earnings during his or her entire period of service. The earnings of an employee with more than 36 months of service under item (a) of Section 15-113.1 prior to the date of becoming a participant are, for such period, considered equal to the average earnings during the last 36 months of such service.

(b) This subsection (b) applies to a Tier 2 member.

For an employee who is paid on an hourly basis or who receives an annual salary in installments during 12 months of each academic year, the average annual earnings obtained by dividing by 8 the total earnings of the employee during the 96 consecutive months in which the total earnings were the highest within the last 120 months prior to termination.

For any other employee, the average annual earnings during the 8 consecutive academic years within the 10 years prior to termination in which the employee's earnings were the highest. For an employee with less than 96 consecutive months or 8 consecutive academic years of service, whichever is necessary, the average earnings during his or her entire period of service.

(c) For an employee on leave of absence with pay, or on leave of absence without pay who makes contributions during such leave, earnings are assumed to be equal to the basic compensation on the date the leave began.

(d) For an employee on disability leave, earnings are assumed to be equal to the basic compensation on the date disability occurs or the average earnings during the 24 months immediately preceding the month in which disability occurs, whichever is greater.

(e) For a Tier 1 member who retires on or after the effective date of this amendatory Act of 1997 with at least 20 years of service as a firefighter or police officer under this Article, the final rate of earnings shall be the annual rate of earnings received by the participant on his or her last day as a firefighter or police officer under this Article, if that is greater than the final rate of earnings as calculated under the other provisions of this Section.

(f) If a Tier 1 member is an employee for at least 6 months during the academic year in which his or her employment is terminated, the annual final rate of earnings shall be 25% of the sum of (1) the annual basic compensation for that year, and (2) the amount earned during the 36 months immediately preceding that year, if this is greater than the final rate of earnings as calculated under the other provisions of this Section.

(g) In the determination of the final rate of earnings for an employee, that part of an employee's earnings for any academic year beginning after June 30, 1997, which exceeds the

employee's earnings with that employer for the preceding year by more than 20 percent shall be excluded; in the event that an employee has more than one employer this limitation shall be calculated separately for the earnings with each employer. In making such calculation, only the basic compensation of employees shall be considered, without regard to vacation or overtime or to contracts for summer employment.

(h) The following are not considered as earnings in determining final rate of earnings: (1) severance or separation pay, (2) retirement pay, (3) payment for unused sick leave, and (4) payments from an employer for the period used in determining final rate of earnings for any purpose other than (i) services rendered, (ii) leave of absence or vacation granted during that period, and (iii) vacation of up to 56 work days allowed upon termination of employment; except that, if the benefit has been collectively bargained between the employer and the recognized collective bargaining agent pursuant to the Illinois Educational Labor Relations Act, payment received during a period of up to 2 academic years for unused sick leave may be considered as earnings in accordance with the applicable collective bargaining agreement, subject to the 20% increase limitation of this Section. Any unused sick leave considered as earnings under this Section shall not be taken into account in calculating service credit under Section 15-113.4.

(i) Intermittent periods of service shall be considered as consecutive in determining final rate of earnings.

(Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15.)

(40 ILCS 5/15-113) (from Ch. 108 1/2, par. 15-113)

Sec. 15-113. Service. "Service": The periods defined in Sections 15-113.1 through 15-113.9 and Sections 15-113.11 through 15-113.12.

(Source: P.A. 100-556, eff. 12-8-17.)

(40 ILCS 5/15-113.1) (from Ch. 108 1/2, par. 15-113.1)

Sec. 15-113.1. Service for employment with an employer defined under Section 15-106. "Service for employment with an employer defined under Section 15-106": Includes the following periods:

(a) periods prior to September 1, 1941 during which a person was permanently and continuously employed by an employer.

(b) periods after August 31, 1941 during which a person was an employee except (1) those during which the employee elected not to participate or was ineligible to participate, (2) those during which the employee was on leave of absence at less than 50% pay, except military and disability leave, but failed, in accordance with rules prescribed by the board, to elect to make and to pay the contributions required under Section 15-157, and (3) those during which the employee's eligibility for disability benefit was being considered by the board or reviewed by the courts, if the disability benefit was denied.

(c) periods after August 31, 1941 during which a person was employed at least one-half time for an employer preceding the date of becoming a participant or during which a person was employed at least one-half time for an employer not subject to "The 1941 Act" which employer has since been included as an employer under "The 1941 Act", or this Article, provided the person makes the contributions required under Section 15-157 based on the rate of earnings during this period equal to the basic compensation on the date of becoming a participating employee together with compound interest from the date participation began to the date payment is received by the board

at the rate of 6% per annum through August 31, 1982, and at the effective rates after that date, and provided that the contributions required under Section 15-155 are also made. However, no service credit shall be allowed for any period of employment during which an individual is excluded from the definition of an employee as provided under subsection (b) of Section 15-107.

(Source: P.A. 84-1028.)

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

Sec. 15-113.2. Service for leaves of absence. "Service for leaves of absence" includes those periods of leaves of absence at less than 50% pay, except military leave and periods of disability leave in excess of 60 days, for which the employee pays the contributions required under Section 15-157 in accordance with rules prescribed by the board based upon the employee's basic compensation on the date the leave begins, or in the case of leave for service with a teacher organization, based upon the actual compensation received by the employee for such service after January 26, 1988, if the employee so elects within 30 days of that date or the date the leave for service with a teacher organization begins, whichever is later; provided that the employee (1) returns to employment covered by this system at the expiration of the leave, or within 30 days after the termination of a disability which occurs during the leave and continues this employment at a percentage of time equal to or greater than the percentage of time immediately preceding the leave of absence for at least 8 consecutive months or a period equal to the period of the leave, whichever is less, or (2) is precluded from meeting the foregoing conditions because of disability or death. If service credit is denied because the employee fails to meet these conditions, the contributions covering the leave of absence shall be refunded without interest. The return to employment condition does not apply if the leave of absence is for service with a teacher organization.

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

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

(40 ILCS 5/15-113.3) (from Ch. 108 1/2, par. 15-113.3)

Sec. 15-113.3. Service for periods of military service. "Service for periods of military service": Those periods, not exceeding 5 years, during which a person served in the armed forces of the United States, of which all but 2 years must have immediately followed a period of employment with an employer under this System or the State Employees' Retirement System of Illinois; provided that the person received a discharge other than dishonorable and again became an employee under this System within one year after discharge. However, for the up to 2 years of military service not immediately following employment, the applicant must make contributions to the System equal to (1) 8% of the employee's basic compensation on the last date as a participating employee prior to such military service, or on the first date as a participating employee after such military

service, whichever is greater, plus (2) an amount determined by the board to be equal to the employer's normal cost of the benefits accrued for such military service, plus (3) interest on items (1) and (2) at the effective rate from the later of the date of first membership in the System or the date of conclusion of military service to the date of payment. The change in the required contribution for purchased military credit made by this amendatory Act of 1993 does not entitle any person to a refund of contributions already paid. The contributions paid under this Section are not normal contributions as defined in Section 15-114 or additional contributions as defined in Section 15-115.

The changes to this Section made by this amendatory Act of 1991 shall apply not only to persons who on or after its effective date are in service under the System, but also to persons whose employment terminated prior to that date, whether or not the person is an annuitant on that date. In the case of an annuitant who applies for credit allowable under this Section for a period of military service that did not immediately follow employment, and who has made the required contributions for such credit, the annuity shall be recalculated to include the additional service credit, with the increase taking effect on the date the System received written notification of the annuitant's intent to purchase the credit, if payment of all the required contributions is made within 60 days of such notice, or else on the first annuity payment date following the date of payment of the required contributions. In calculating the automatic annual increase for an annuity that has been recalculated under this Section, the increase attributable to the additional service allowable under this amendatory Act of 1991 shall be included in the calculation of automatic annual increases accruing after the effective date of the recalculation.

(Source: P.A. 93-347, eff. 7-24-03.)

(40 ILCS 5/15-113.4) (from Ch. 108 1/2, par. 15-113.4)

(Text of Section WITH the changes made by P.A. 98-599, which has been held unconstitutional)

Sec. 15-113.4. Service for unused sick leave. "Service for unused sick leave": A person who first becomes a participant before the effective date of this amendatory Act of the 98th General Assembly and who is an employee under this System or one of the other systems subject to Article 20 of this Code within 60 days immediately preceding the date on which his or her retirement annuity begins, is entitled to credit for service for that portion of unused sick leave earned in the course of employment with an employer and credited on the date of termination of employment by an employer for which payment is not received, in accordance with the following schedule: 30 through 90 full calendar days and 20 through 59 full work days of unused sick leave, 1/4 of a year of service; 91 through 180 full calendar days and 60 through 119 full work days, 1/2 of a year of service; 181 through 270 full calendar days and 120 through 179 full work days, 3/4 of a year of service; 271 through 360 full calendar days and 180 through 240 full work days, one year of service. Only uncompensated, unused sick leave earned in accordance with an employer's sick leave accrual policy generally applicable to employees or a class of employees shall be taken into account in calculating service credit under this Section. Any uncompensated, unused sick leave granted by an employer to facilitate the hiring, retirement, termination, or other special circumstances of an employee shall not be taken into account in calculating service credit under this Section. If a participant transfers from one employer to another, the unused sick leave credited by the previous employer shall be

considered in determining service to be credited under this Section, even if the participant terminated service prior to the effective date of P.A. 86-272 (August 23, 1989); if necessary, the retirement annuity shall be recalculated to reflect such sick leave credit. Each employer shall certify to the board the number of days of unused sick leave accrued to the participant's credit on the date that the participant's status as an employee terminated. This period of unused sick leave shall not be considered in determining the date the retirement annuity begins. A person who first becomes a participant on or after the effective date of this amendatory Act of the 98th General Assembly shall not receive service credit for unused sick leave. (Source: P.A. 98-599, eff. 6-1-14.)

(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)

Sec. 15-113.4. Service for unused sick leave. "Service for unused sick leave": A participant who is an employee under this System or one of the other systems subject to Article 20 of this Code within 60 days immediately preceding the date on which his or her retirement annuity begins, is entitled to credit for service for that portion of unused sick leave earned in the course of employment with an employer and credited on the date of termination of employment by an employer for which payment is not received, in accordance with the following schedule: 30 through 90 full calendar days and 20 through 59 full work days of unused sick leave, 1/4 of a year of service; 91 through 180 full calendar days and 60 through 119 full work days, 1/2 of a year of service; 181 through 270 full calendar days and 120 through 179 full work days, 3/4 of a year of service; 271 through 360 full calendar days and 180 through 240 full work days, one year of service. Only uncompensated, unused sick leave earned in accordance with an employer's sick leave accrual policy generally applicable to employees or a class of employees shall be taken into account in calculating service credit under this Section. Any uncompensated, unused sick leave granted by an employer to facilitate the hiring, retirement, termination, or other special circumstances of an employee shall not be taken into account in calculating service credit under this Section. If a participant transfers from one employer to another, the unused sick leave credited by the previous employer shall be considered in determining service to be credited under this Section, even if the participant terminated service prior to the effective date of P.A. 86-272 (August 23, 1989); if necessary, the retirement annuity shall be recalculated to reflect such sick leave credit. Each employer shall certify to the board the number of days of unused sick leave accrued to the participant's credit on the date that the participant's status as an employee terminated. This period of unused sick leave shall not be considered in determining the date the retirement annuity begins.

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

(40 ILCS 5/15-113.5) (from Ch. 108 1/2, par. 15-113.5)

Sec. 15-113.5. Service for employment with other public agencies in this State. "Service for employment with other public agencies in this State" includes the following periods:

(a) periods during which a person rendered services for the State of Illinois, prior to January 1, 1944, under employment not covered by this Article, if (1) such periods would have been considered creditable service under the State Employees' Retirement System of Illinois had that system been in effect at that time, and (2) service credit for such periods has not been

granted under the State Employees' Retirement System of Illinois.

(b) periods credited under the State Employees' Retirement System of Illinois on the date an employee became eligible for participation in the State Universities Retirement System as a result of a transfer of a State function from a department, commission or other agency of this State to an employer, excluding periods as a "covered employee" as defined in Article 14 of this Code, provided the employee has received a refund of his or her contributions from the State Employees' Retirement System of Illinois and pays to this system contributions equal to the amount of the refund together with compound interest at the rate required for repayment of a refund under Section 15-154 from the date the refund is received to the date payment is made.

(c) periods credited in a retirement system covering a governmental unit, as defined in Section 20-107 on the date a person becomes a participant, if (1) a function of this governmental unit is transferred in whole or in part to an employer, and (2) the person transfers employment from the governmental unit to such employer within 6 months after the employer begins operation of this function, and (3) the person cannot qualify for a proportional retirement annuity from the retirement system covering this governmental unit, and (4) the participant receives a refund of his or her contributions from the retirement system covering this governmental unit and pays to this system contributions equal to the amount of the refund together with compound interest from the date the refund is made by the system to the date payment is received by the board at the rate of 6% per annum through August 31, 1982, and at the effective rates after that date.

(d) periods during which a participant contributed to the Park Policemen's Annuity Fund as defined in Section 5-219, provided the participant and the Chicago Policemen's Annuity Fund pay to this system the required employee and employer contributions.

(e) periods during which a person rendered services for an athletic association affiliated with the University of Illinois, provided that (1) the employee was employed by that athletic association on January 1, 1960, (2) annuity contracts covering that employment have been purchased by other retirement systems covering employees of the athletic association, and (3) the employee files with the board an election to become a participant and assigns to the board his or her right, title, and interest in those annuity contracts.

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

(40 ILCS 5/15-113.6) (from Ch. 108 1/2, par. 15-113.6)

Sec. 15-113.6. Service for employment in public schools. "Service for employment in public schools": Includes those periods not exceeding the lesser of 10 years or 2/3 of the service granted under other Sections of this Article dealing with service credit, during which a person who entered the system after September 1, 1974 was employed full time by a public common school, public college and public university, or by an agency or instrumentality of any of the foregoing, of any state, territory, dependency or possession of the United States of America, including the Philippine Islands, or a school operated by or under the auspices of any agency or department of any other state, if the person (1) cannot qualify for a retirement pension or other benefit based upon employer contributions from another retirement system, exclusive of federal social security, based in whole or in part upon this employment, and (2) pays the lesser of (A) an amount equal to 8%



of his or her annual basic compensation on the date of becoming a participating employee subsequent to this service multiplied by the number of years of such service, together with compound interest from the date participation begins to the date payment is received by the board at the rate of 6% per annum through August 31, 1982, and at the effective rates after that date, and (B) 50% of the actuarial value of the increase in the retirement annuity provided by this service, and (3) contributes for at least 5 years subsequent to this employment to one or more of the following systems: the State Universities Retirement System, the Teachers' Retirement System of the State of Illinois, and the Public School Teachers' Pension and Retirement Fund of Chicago.

The service granted under this Section shall not be considered in determining whether the person has the minimum of 8 years of service required to qualify for a retirement annuity at age 55 or the 5 years of service required to qualify for a retirement annuity at age 62 or the 10 years of service required to qualify for a retirement annuity at age 67, as provided in Section 15-135. The maximum allowable service of 10 years for this governmental employment shall be reduced by the service credit which is validated under paragraph (2) of subsection (b) of Section 16-127 and paragraph 1 of Section 17-133.  
(Source: P.A. 98-92, eff. 7-16-13.)

(40 ILCS 5/15-113.7) (from Ch. 108 1/2, par. 15-113.7)

Sec. 15-113.7. Service for other public employment. "Service for other public employment": Includes those periods not exceeding the lesser of 10 years or 2/3 of the service granted under other Sections of this Article dealing with service credit, during which a person was employed full time by the United States government, or by the government of a state, or by a political subdivision of a state, or by an agency or instrumentality of any of the foregoing, if the person (1) cannot qualify for a retirement pension or other benefit based upon employer contributions from another retirement system, exclusive of federal social security, based in whole or in part upon this employment, and (2) pays the lesser of (A) an amount equal to 8% of his or her annual basic compensation on the date of becoming a participating employee subsequent to this service multiplied by the number of years of such service, together with compound interest from the date participation begins to the date payment is received by the board at the rate of 6% per annum through August 31, 1982, and at the effective rates after that date, and (B) 50% of the actuarial value of the increase in the retirement annuity provided by this service, and (3) contributes for at least 5 years subsequent to this employment to one or more of the following systems: the State Universities Retirement System, the Teachers' Retirement System of the State of Illinois, and the Public School Teachers' Pension and Retirement Fund of Chicago. If a function of a governmental unit as defined by Section 20-107 is transferred by law, in whole or in part to an employer, and an employee transfers employment from this governmental unit to such employer within 6 months of the transfer of the function, the payment for service authorized under this Section shall not exceed the amount which would have been payable for this service to the retirement system covering the governmental unit from which the function was transferred.

The service granted under this Section shall not be considered in determining whether the person has the minimum of 8 years of service required to qualify for a retirement annuity at age 55 or the 5 years of service required to qualify for a retirement annuity at age 62, as provided in Section 15-135. The maximum allowable service of 10 years for this governmental

employment shall be reduced by the service credit which is validated under paragraph (2) of subsection (b) of Section 16-127 and paragraph one of Section 17-133.

Except as hereinafter provided, this Section shall not apply to persons who become participants in the system after September 1, 1974.

(Source: P.A. 95-83, eff. 8-13-07.)

(40 ILCS 5/15-113.8) (from Ch. 108 1/2, par. 15-113.8)

Sec. 15-113.8. Previous service with employer affiliated alumni and athletic associations and foundations. "Previous service with employer affiliated alumni and athletic associations and foundations": Includes the following periods:

(a) Periods of service prior to October 1, 1959 for employer affiliated alumni associations and foundations for which service credit has been granted under the provisions relating to this service in effect on January 1, 1984.

(b) Periods of service prior to October 1, 1966 for affiliated athletic associations for which service credit has been granted under the provisions relating to this service in effect on January 1, 1984.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-113.9) (from Ch. 108 1/2, par. 15-113.9)

Sec. 15-113.9. Service for employment with the Illinois Mathematics and Science Academy. A participating employee who was employed by the Illinois Mathematics and Science Academy prior to February 1, 1987 shall be entitled to receive service credit under this System for any period of such employment prior to February 1, 1987 for which the required contributions have been received by this System. If credit for such employment has been granted under any other retirement system governed by this Code, credit for such employment shall not be granted under this System unless (1) the employee so elects in writing prior to April 1, 1987, and (2) the credit granted for such employment in the other retirement system has been terminated, and any employee and employer contributions received therefor by the other retirement system have been transmitted by that retirement system to this System. Such other retirement system shall terminate such credit, and transfer the associated contributions, upon receiving notice of the election from the Board of this System.

(Source: P.A. 84-1472.)

(40 ILCS 5/15-113.10) (from Ch. 108 1/2, par. 15-113.10)

Sec. 15-113.10. Transfer of creditable service to Article 8, 9 or 13 fund.

(a) Any city officer as defined in Section 8-243.2 of this Code, any county officer elected by vote of the people who is a participant in the pension fund established under Article 9 of this Code, any chief of the County Police Department or undersheriff of the County Sheriff's Department who has elected under subparagraph (j) of Section 9-128.1 to be included within the provisions of Section 9-128.1 of Article 9 of this Code, and any elected sanitary district commissioner who is a participant in a pension fund established under Article 13 of this Code, may apply to transfer his or her credits and creditable service accumulated under this System to such Article 8, 9 or 13 fund. Such creditable service shall be transferred forthwith. Payment by this System to the Article 8, 9 or 13 Fund shall be made at the same time and shall consist of:

(1) the amounts accumulated to the credit of the applicant through employee contribution, including interest, as of the date of transfer; and

(2) employer contributions equal in amount to the accumulated employee contributions as determined in item (1) above.

Participation in this System shall terminate on the date of transfer.

(b) Any such elected city officer, county officer, chief of the County Police Department, undersheriff of the County Sheriff's Department, or sanitary district commissioner may reinstate credits and creditable service terminated upon receipt of a refund, by payment to the System of the amount of the refund together with interest at the rate required for repayment of a refund under Section 15-154 from the date the refund was received to the date of payment.

(c) Any such elected city officer, county officer, chief of the County Police Department, undersheriff of the County Sheriff's Department, or sanitary district commissioner who has credits and creditable service under the System may establish additional credits and creditable service for periods during which he or she could have elected to participate but did not so elect. Credits and creditable service may be established by payment to the System of an amount equal to the contributions that he or she would have made if he or she had elected to participate, plus regular interest to the date of payment.

(Source: P.A. 89-643, eff. 8-9-96.)

(40 ILCS 5/15-113.11)

Sec. 15-113.11. Service for periods of voluntary or involuntary furlough.

(a) A participant may establish creditable service and earnings credit for periods of furlough beginning on or after July 1, 2009 and ending on or before June 30, 2011. To receive this credit, the participant must (i) apply in writing to the System before December 31, 2011; (ii) not receive compensation from an employer for any furlough period; and (iii) make, on an after-tax basis, employee contributions required under Section 15-157 based on the rate of basic compensation during the periods of furlough, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit, plus compounded interest at the actuarially assumed rate from the date of voluntary or involuntary furlough to the date of payment. The participant shall provide, at the time of application, written certification from the employer providing the total number of furlough days a participant has been required to take.

(b) A participant may establish creditable service and earnings credit for periods of furlough beginning on or after July 1, 2015 and ending on or before June 30, 2017. To receive this credit, the participant must (i) apply in writing to the System before December 31, 2018; (ii) not receive compensation from an employer for any furlough period; and (iii) make, on an after-tax basis, employee contributions required under Section 15-157 based on the rate of basic compensation during the periods of furlough, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit, plus compounded interest at the actuarially assumed rate from the date of voluntary or involuntary furlough to the date of payment. The participant shall provide, at the time of application, written certification from the employer providing the total number of furlough days a participant has been required to take.

(Source: P.A. 99-897, eff. 1-1-17.)

(40 ILCS 5/15-113.12)

Sec. 15-113.12. Earnings for periods of voluntary pay reduction taken in lieu of furlough. A participant may establish earnings credit for periods of voluntary pay reduction, taken in lieu of furlough, beginning on or after July 1, 2015 and ending on or before June 30, 2017. To receive this credit, the participant must: (1) apply in writing to the System before December 31, 2018; and (2) make, on an after-tax basis, employee contributions required under Section 15-157 based on the voluntary reduction in pay, plus an amount determined by the Board to be equal to the employer's normal cost of the benefit, plus compounded interest at the actuarially assumed rate from the date of voluntary reduction in pay to the date of payment. The participant shall provide, at the time of application, (i) written certification from the employer providing the total voluntary reduction in pay per pay period for each pay period with a voluntary reduction in pay and (ii) written certification from the employer stating that the voluntary reduction in pay was taken in lieu of furlough.

(Source: P.A. 99-897, eff. 1-1-17.)

(40 ILCS 5/15-114) (from Ch. 108 1/2, par. 15-114)

Sec. 15-114. Normal contributions. "Normal contributions": The required contributions specified under Section 15-157 as normal contributions and amounts paid by a participant for annuity contracts assigned to the board in order to obtain service credit for employment by affiliated alumni associations, foundations, and athletic associations, and amounts contributed by a participant under Section 15-113.5, Section 15-113.6 and Section 15-113.7.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-115) (from Ch. 108 1/2, par. 15-115)

Sec. 15-115. Additional contributions. "Additional contributions": The amounts paid by a participating employee which are specified under Section 15-157 as additional contributions.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-116) (from Ch. 108 1/2, par. 15-116)

Sec. 15-116. Accumulated normal contributions. "Accumulated normal contributions": The sum of all normal contributions credited to an employee's account, together with interest thereon at the effective rate for the respective years.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-117) (from Ch. 108 1/2, par. 15-117)

Sec. 15-117. Accumulated additional contributions. "Accumulated additional contributions": The sum of all additional contributions credited to an employee's account, together with interest thereon at the effective rate for the respective years.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-118) (from Ch. 108 1/2, par. 15-118)

Sec. 15-118. Annuity. "Annuity": A series of monthly payments, payable as of the first day of each calendar month

during the annuity payment period, the first payment to be made as of the first day of the calendar month coincidental with or next following the first day of the annuity payment period and the last payment to be made as of the first day of the calendar month in which the annuitant dies or the annuity payment period ends. An annuitant may authorize the board to deduct from the annuity, premiums due under any group hospital-medical insurance program which is sponsored or approved by any employer.  
(Source: P.A. 83-1440.)

(40 ILCS 5/15-119) (from Ch. 108 1/2, par. 15-119)

Sec. 15-119. Annuitant. "Annuitant": A person receiving a retirement, reversionary, survivors or beneficiary annuity or disability retirement annuity from this System.  
(Source: P.A. 83-1440.)

(40 ILCS 5/15-120) (from Ch. 108 1/2, par. 15-120)

Sec. 15-120. Beneficiary; survivor annuitant under portable benefit package. "Beneficiary": The person or persons designated by the participant or annuitant in the last written designation on file with the board; or if no person so designated survives, or if no designation is on file, the estate of the participant or annuitant. Acceptance by the participant of a refund of accumulated contributions or an accelerated pension benefit payment under Section 15-185.5 shall result in cancellation of all beneficiary designations previously filed. A spouse whose marriage was dissolved shall be disqualified as beneficiary unless the spouse was designated as beneficiary after the effective date of the dissolution of marriage.

After a joint and survivor annuity commences under the portable benefit package, the survivor annuitant of a joint and survivor annuity is not disqualified, and may not be removed, as the survivor annuitant by a dissolution of the survivor's marriage with the participant or annuitant.  
(Source: P.A. 101-610, eff. 1-1-20.)

(40 ILCS 5/15-121) (from Ch. 108 1/2, par. 15-121)

Sec. 15-121. Additional annuity.

"Additional annuity": The portion of a retirement annuity derived from accumulated additional contributions.  
(Source: Laws 1963, p. 161.)

(40 ILCS 5/15-122) (from Ch. 108 1/2, par. 15-122)

Sec. 15-122. Reversionary annuity. "Reversionary annuity": The annuity payable to a beneficiary after the death of the annuitant as specified in Section 15-140.  
(Source: Laws 1963, p. 161.)

(40 ILCS 5/15-123) (from Ch. 108 1/2, par. 15-123)

Sec. 15-123. Beneficiary annuity. "Beneficiary annuity": The annuity payable to a beneficiary after the death of a participant or annuitant as specified in Section 15-144.  
(Source: Laws 1963, p. 161.)

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

Sec. 15-124. Actuarial tables.

"Actuarial tables": Such tabular listings of assumed rates

of decrement such as death, disability, retirement and withdrawal from service, according to age and sex, including mathematical functions derived from the rates of probability, combined with an interest discount factor, as are adopted by the board based upon the experience of the system.  
(Source: Laws 1963, p. 161.)

(40 ILCS 5/15-125) (from Ch. 108 1/2, par. 15-125)

(Text of Section WITH the changes made by P.A. 98-599, which has been held unconstitutional)

Sec. 15-125. "Prescribed Rate of Interest; Effective Rate of Interest".

(1) "Prescribed rate of interest": The rate of interest to be used in actuarial valuations and in development of actuarial tables as determined by the board on the basis of the probable average rate of interest on a long term basis, based on factors including the expected investment experience; historical and expected fluctuations in the market value of investments; the desirability of minimizing volatility in the rate of investment earnings from year to year; and the provision of reserves for anticipated losses upon sales, redemptions, or other disposition of investments and for variations in interest experience.

(2) "Effective rate of interest": For a fiscal year concluding no later than June 30, 2014, the interest rate for all or any part of a fiscal year that is determined by the board based on factors including the system's past and expected investment experience; historical and expected fluctuations in the market value of investments; the desirability of minimizing volatility in the effective rate of interest from year to year; and the provision of reserves for anticipated losses upon sales, redemptions, or other disposition of investments and for variations in interest experience; except that for the purpose of determining the accumulated normal contributions used in calculating retirement annuities under Rule 2 of Section 15-136, the effective rate of interest shall be determined by the State Comptroller rather than the board. For a fiscal year concluding no later than June 30, 2014, the State Comptroller shall determine the effective rate of interest to be used for this purpose using the factors listed above, and shall certify to the board and the Commission on Government Forecasting and Accountability the rate to be used for this purpose for fiscal year 2006 as soon as possible after the effective date of this amendatory Act of the 94th General Assembly, and for each fiscal year thereafter no later than the January 31 immediately preceding the start of that fiscal year.

For a fiscal year that begins on or after July 1, 2014, the effective rate of interest for a given fiscal year shall be equal to the interest rate of 30-year United States Treasury bonds as of the beginning of that given fiscal year, plus 75 basis points. This effective rate of interest shall not be used in determining the prescribed rate of interest as defined in paragraph (1) of this Section.

(3) The change made to this Section by Public Acts 90-65 and 90-511 is a clarification of existing law.  
(Source: P.A. 98-599, eff. 6-1-14.)

(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)

Sec. 15-125. "Prescribed Rate of Interest; Effective Rate of Interest".

(1) "Prescribed rate of interest": The rate of interest to be used in actuarial valuations and in development of actuarial tables as determined by the board on the basis of the probable

average effective rate of interest on a long term basis.

(2) "Effective rate of interest": The interest rate for all or any part of a fiscal year that is determined by the board based on factors including the system's past and expected investment experience; historical and expected fluctuations in the market value of investments; the desirability of minimizing volatility in the effective rate of interest from year to year; and the provision of reserves for anticipated losses upon sales, redemptions, or other disposition of investments and for variations in interest experience; except that for the purpose of determining the accumulated normal contributions used in calculating retirement annuities under Rule 2 of Section 15-136, the effective rate of interest shall be determined by the State Comptroller rather than the board. The State Comptroller shall determine the effective rate of interest to be used for this purpose using the factors listed above, and shall certify to the board and the Commission on Government Forecasting and Accountability the rate to be used for this purpose for fiscal year 2006 as soon as possible after the effective date of this amendatory Act of the 94th General Assembly, and for each fiscal year thereafter no later than the January 31 immediately preceding the start of that fiscal year.

(3) The change made to this Section by Public Acts 90-65 and 90-511 is a clarification of existing law.

(Source: P.A. 94-4, eff. 6-1-05; 94-982, eff. 6-30-06.)

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

Sec. 15-126. Fiscal year. "Fiscal year": Until July 1, 1987, the period beginning on September 1 in any year, and ending on August 31 of the succeeding year, except that the 1987 fiscal year shall end on June 30. Beginning July 1, 1987, "fiscal year" means the period beginning on July 1 in any year, and ending on June 30 of the succeeding year.

(Source: P.A. 84-1472.)

(40 ILCS 5/15-126.1) (from Ch. 108 1/2, par. 15-126.1)

Sec. 15-126.1. Academic year. "Academic year": The 12-month period beginning on the first day of the fall term as determined by each employer, or if the employer does not have an academic program divided into terms, then beginning September 1. For the purposes of Section 15-139.5 and subsection (b) of Section 15-139, however, "academic year" means the 12-month period beginning September 1.

(Source: P.A. 98-596, eff. 11-19-13.)

(40 ILCS 5/15-126.2)

Sec. 15-126.2. Plan year. "Plan year": The 12-month period beginning on July 1 in any year, and ending on June 30 of the succeeding year.

(Source: P.A. 99-450, eff. 8-24-15.)

(40 ILCS 5/15-127) (from Ch. 108 1/2, par. 15-127)

Sec. 15-127. Surviving spouse. "Surviving spouse": (a) The surviving wife or husband of a participant, but only if she or he (1) is the mother or father of the participant's son or daughter, (2) legally adopted the son or daughter while married to the participant and while the son or daughter was under age 18, (3) was married to the participant at the time both of them legally adopted a child under age 18, or (4) was married to the participant for not less than one year immediately prior to the

day the participant died; and (b) The surviving wife or husband of an annuitant, if their marriage occurred at least one year prior to the date the annuitant died. The change in this Section made by Public Act 82-478 shall be applicable to annuitants whose employment status terminated before September 15, 1981 as well as those who terminate employment after that date but not to annuitants who pass away before that date.  
(Source: P.A. 83-1440.)

(40 ILCS 5/15-129) (from Ch. 108 1/2, par. 15-129)  
Sec. 15-129. Child.

"Child": The child of a participant or an annuitant, including a child born out of wedlock, a stepchild who has been such for not less than 1 year immediately preceding the death of the participant or annuitant, and an adopted child.  
(Source: P.A. 94-229, eff. 1-1-06; 95-279, eff. 1-1-08.)

(40 ILCS 5/15-130) (from Ch. 108 1/2, par. 15-130)

Sec. 15-130. Parent. "Parent": The mother or father of a participant or annuitant, a stepparent of a participant or an annuitant by a marriage contracted before the participant or annuitant attained age 16, or an adopting parent by whom the participant or annuitant was adopted before he or she reached age 16.  
(Source: P.A. 83-1440.)

(40 ILCS 5/15-131) (from Ch. 108 1/2, par. 15-131)

Sec. 15-131. Survivors insurance beneficiary. "Survivors insurance beneficiary": The spouse, dependent unmarried child under age 18 (under age 22 if a full-time student), unmarried child over age 18 who is dependent by reason of a physical or mental disability which began prior to attainment of that age, or dependent parent, who could qualify for survivors insurance payments under this Article.  
(Source: P.A. 90-448, eff. 8-16-97.)

(40 ILCS 5/15-132) (from Ch. 108 1/2, par. 15-132)

Sec. 15-132. Accumulated survivors insurance contributions. "Accumulated survivors insurance contributions": The sum of all survivors insurance contributions received from a participating employee, together with interest at the prescribed rate.  
(Source: P.A. 81-1165.)

(40 ILCS 5/15-132.1) (from Ch. 108 1/2, par. 15-132.1)

Sec. 15-132.1. Police officer. "Police officer": a participant who is a peace officer empowered to make arrests to protect the property, interests, students and personnel of an employer.  
(Source: P.A. 86-273; 86-1488.)

(40 ILCS 5/15-132.2)

Sec. 15-132.2. Retire and retirement. A participant "retires", and his or her "retirement" begins, when his or her annuity payment period begins.  
(Source: P.A. 91-887, eff. 7-6-00.)

(40 ILCS 5/15-133) (from Ch. 108 1/2, par. 15-133)



Sec. 15-133. Employer participation.

Each employer shall participate in and be subject to the provisions of this Article.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/15-134) (from Ch. 108 1/2, par. 15-134)

Sec. 15-134. Participant.

(a) Each person shall, as a condition of employment, become a participant and be subject to this Article on the date that he or she becomes an employee, makes an election to participate in, or otherwise becomes a participant in one of the retirement programs offered under this Article, whichever date is later.

An employee who becomes a participant shall continue to be a participant until he or she becomes an annuitant, dies or accepts a refund of contributions.

(b) A person employed concurrently by 2 or more employers is eligible to participate in the system on compensation received from all employers.

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

(40 ILCS 5/15-134.1) (from Ch. 108 1/2, par. 15-134.1)

Sec. 15-134.1. Service calculation and adjustment.

(a) In computing service, the following schedule shall govern: one month of service means a calendar month during which a participant (i) qualifies as an employee under Section 15-107 for at least 15 or more days, and (ii) receives any earnings as an employee; 8 or more months of service during an academic year shall constitute a year of service; 6 or more but less than 8 months of service during an academic year shall constitute 3/4 of a year of service; 3 or more but less than 6 months of service during an academic year shall constitute 1/2 of a year of service; and one or more but less than 3 months of service during an academic year shall constitute 1/4 of a year of service. No more than one year of service may be granted per academic year, regardless of the number of hours or percentage of time worked.

(b) In calculating a retirement annuity, if a participant has been employed at 1/2 time or less for 3 or more years after September 1, 1959, service shall be granted for such employment in excess of 3 years, in the proportion that the percentage of time employed for each such year of employment bears to the average annual percentage of time employed during the period on which the final rate of earnings is based. This adjustment shall not be made, however, in determining the eligibility for a retirement annuity, disability benefits, additional death benefits, or survivors' insurance. The percentage of time employed shall be as reported by the employer.

(Source: P.A. 87-8.)

(40 ILCS 5/15-134.2) (from Ch. 108 1/2, par. 15-134.2)

Sec. 15-134.2. Transfer of creditable service to the General Assembly Retirement System. (a) An active member of the General Assembly Retirement System may apply to transfer his or her credits and creditable service accumulated under this system to the General Assembly Retirement System. The credits and creditable service shall be transferred forthwith. Payment by this system to the General Assembly Retirement System shall be made at the same time and shall consist of: (1) the amounts credited to the applicant, through employee contributions, including interest, as of the date of transfer; and (2) employer contributions equal in amount to the accumulated employee

contributions as determined in subparagraph (1) above. Participation in this system shall terminate on the date of transfer.

(b) An active member of the General Assembly may reinstate service credits terminated upon receipt of a refund by payment to the system of the amount of the refund together with compound interest at the rate required for repayment of a refund under Section 15-154 from the date the refund was received to the date of payment.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-134.3) (from Ch. 108 1/2, par. 15-134.3)

Sec. 15-134.3. (a) Persons otherwise required or eligible to participate in this System who elect to continue participation in the General Assembly System under Section 2-117.1 may not participate in this System for the duration of such continued participation under Section 2-117.1.

(b) Upon terminating such continued participation, a person may transfer credits and creditable service accumulated under Section 2-117.1 to this System, upon payment to this System of the amount by which (1) the employer and employee contributions that would have been required if he had participated in this System during the period for which credit under Section 2-117.1 is being transferred, plus interest thereon at the effective rate from the date of such participation to the date of payment, exceeds (2) the amounts actually transferred under that Section to this System.

(Source: P.A. 86-272.)

(40 ILCS 5/15-134.4) (from Ch. 108 1/2, par. 15-134.4)

Sec. 15-134.4. Transfer of creditable service to the Article 5 Pension Fund or Article 14 System.

(a) An active member of the Pension Fund established under Article 5 of this Code may apply, not later than January 1, 1990, to transfer his or her credits and creditable service accumulated under this System for service with the City Colleges of Chicago teaching in the Criminal Justice Program, to the Article 5 Fund. Such credits and creditable service shall be transferred forthwith.

Payment by this System to the Article 5 Fund shall be made at the same time and shall consist of:

(1) the amounts credited to the applicant for such service through employee contributions, including interest, as of the date of transfer; and

(2) employer contributions equal in amount to the accumulated employee contributions as determined in item (1).

Participation in this System with respect to such credits shall terminate on the date of transfer.

(b) Any active member of the State Employees' Retirement System who is a State policeman, an investigator for the Secretary of State, or a conservation police officer may apply for transfer of some or all of his or her creditable service accumulated in this System for service as a police officer to the State Employees' Retirement System in accordance with Section 14-110. The creditable service shall be transferred only upon payment by this System to the State Employees' Retirement System of an amount equal to:

(1) the amounts accumulated to the credit of the applicant for the service to be transferred, including interest, as of the date of transfer; and

(2) employer contributions equal in amount to the

accumulated employee contributions as determined in item (1); and

(3) any interest paid by the applicant to reinstate such service.

Participation in this System as to any credits transferred under this Section shall terminate on the date of transfer.

(c) Any person applying to transfer service under subsection (b) may reinstate credits and creditable service terminated upon receipt of a refund by paying to the System the amount of the refund plus interest thereon at the rate of 6% per year from the date of the refund to the date of payment.

(Source: P.A. 95-530, eff. 8-28-07.)

(40 ILCS 5/15-134.5)

Sec. 15-134.5. Retirement program elections.

(a) All participating employees are participants under the traditional benefit package prior to January 1, 1998.

Effective as of the date that an employer elects, as described in Section 15-158.2, to offer to its employees the portable benefit package and the self-managed plan as alternatives to the traditional benefit package, each of that employer's eligible employees (as defined in subsection (b)) shall be given the choice to elect which retirement program he or she wishes to participate in with respect to all periods of covered employment occurring on and after the effective date of the employee's election. The retirement program election made by an eligible employee must be made in writing, in the manner prescribed by the System, and within the time period described in subsection (d) or (d-1).

The employee election authorized by this Section is a one-time, irrevocable election. If an employee terminates employment after making the election provided under this subsection (a), then upon his or her subsequent re-employment with an employer the original election shall automatically apply to him or her, provided that the employer is then a participating employer as described in Section 15-158.2.

An eligible employee who fails to make this election shall, by default, participate in the traditional benefit package.

(b) "Eligible employee" means an employee (as defined in Section 15-107) who is either a currently eligible employee or a newly eligible employee. For purposes of this Section, a "currently eligible employee" is an employee who is employed by an employer on the effective date on which the employer offers to its employees the portable benefit package and the self-managed plan as alternatives to the traditional benefit package. A "newly eligible employee" is an employee who first becomes employed by an employer after the effective date on which the employer offers its employees the portable benefit package and the self-managed plan as alternatives to the traditional benefit package. A newly eligible employee participates in the traditional benefit package until he or she makes an election to participate in the portable benefit package or the self-managed plan. If an employee does not elect to participate in the portable benefit package or the self-managed plan, he or she shall continue to participate in the traditional benefit package by default.

(c) An eligible employee who at the time he or she is first eligible to make the election described in subsection (a) does not have sufficient age and service to qualify for a retirement annuity under Section 15-135 may elect to participate in the traditional benefit package, the portable benefit package, or the self-managed plan. An eligible employee who has sufficient age and service to qualify for a retirement annuity under Section 15-135 at the time he or she is first eligible to make

the election described in subsection (a) may elect to participate in the traditional benefit package or the portable benefit package, but may not elect to participate in the self-managed plan.

(d) A currently eligible employee must make this election within one year after the effective date of the employer's adoption of the self-managed plan.

A newly eligible employee must make this election within 6 months after the date on which the System receives the report of status certification from the employer. If an employee elects to participate in the self-managed plan, no employer contributions shall be remitted to the self-managed plan when the employee's account balance transfer is made. Employer contributions to the self-managed plan shall commence as of the first pay period that begins after the System receives the employee's election.

(d-1) A newly eligible employee who, prior to the effective date of this amendatory Act of the 91st General Assembly, fails to make the election within the period provided under subsection (d) and participates by default in the traditional benefit package may make a late election to participate in the portable benefit package or the self-managed plan instead of the traditional benefit package at any time within 6 months after the effective date of this amendatory Act of the 91st General Assembly.

(e) If a currently eligible employee elects the portable benefit package, that election shall not become effective until the one-year anniversary of the date on which the election is filed with the System, provided the employee remains continuously employed by the employer throughout the one-year waiting period, and any benefits payable to or on account of the employee before such one-year waiting period has ended shall not be determined under the provisions applicable to the portable benefit package but shall instead be determined in accordance with the traditional benefit package. If a currently eligible employee who has elected the portable benefit package terminates employment covered by the System before the one-year waiting period has ended, then no benefits shall be determined under the portable benefit package provisions while he or she is inactive in the System and upon re-employment with an employer covered by the System he or she shall begin a new one-year waiting period before the provisions of the portable benefit package become effective.

(f) An eligible employee shall be provided with written information prepared or prescribed by the System which describes the employee's retirement program choices. The eligible employee shall be offered an opportunity to receive counseling from the System prior to making his or her election. This counseling may consist of videotaped materials, group presentations, individual consultation with an employee or authorized representative of the System in person or by telephone or other electronic means, or any combination of these methods.

(Source: P.A. 90-766, eff. 8-14-98; 91-887, eff. 7-6-00.)

(40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)  
Sec. 15-135. Retirement annuities - Conditions.

(a) This subsection (a) applies only to a Tier 1 member. A participant who retires in one of the following specified years with the specified amount of service is entitled to a retirement annuity at any age under the retirement program applicable to the participant:

- 35 years if retirement is in 1997 or before;
- 34 years if retirement is in 1998;
- 33 years if retirement is in 1999;
- 32 years if retirement is in 2000;

30 years if retirement is in 2002 or later.

A participant with at least 5 but less than 8 years of service after September 1, 1941, is entitled to a retirement annuity on or after attainment of age 62.

(a-5) A Tier 2 member is entitled to a retirement annuity upon written application if he or she has attained age 67 and has at least 10 years of service credit and is otherwise eligible under the requirements of this Article. A Tier 2 member who has attained age 62 and has at least 10 years of service credit and is otherwise eligible under the requirements of this Article may elect to receive the lower retirement annuity provided in subsection (b-5) of Section 15-136 of this Article.

(b) The annuity payment period shall begin on the date specified by the participant or the recipient of a disability retirement annuity submitting a written application. For a participant, the date on which the annuity payment period begins shall not be prior to termination of employment or more than one year before the application is received by the board; however, if the participant is not an employee of an employer participating in this System or in a participating system as defined in Article 20 of this Code on April 1 of the calendar year next following the calendar year in which the participant attains age 70 1/2, the annuity payment period shall begin on that date regardless of whether an application has been filed. For a recipient of a disability retirement annuity, the date on which the annuity payment period begins shall not be prior to the discontinuation of the disability retirement annuity under Section 15-153.2.

(Source: P.A. 100-556, eff. 12-8-17; 101-610, eff. 1-1-20.)

Sec. 15-135.1. Election to avoid application of P.A. 90-65.

(b) The fact that a person has elected to participate in the optional retirement program under Section 15-158.2 or has elected the portability option under subsection (a-1) of Section 15-154 does not prevent the person from making an election under subsection (a) of this Section; the fact that such a person makes an election under subsection (a) does not allow the person to change the irrevocable election that he or she made under Section 15-158.2 or subsection (a-1) of Section 15-154.

(c) The System shall promptly notify the Department of Central Management Services of each election made under this Section.

(Source: P.A. 91-395, eff. 7-30-99.)

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

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

(a) The amount of a participant's retirement annuity, expressed in the form of a single-life annuity, shall be determined by whichever of the following rules is applicable and provides the largest annuity:

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

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

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

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

(iii) the annuity that can be provided on an actuarially equivalent basis from the entire contribution made by the participant under Section 15-113.3.

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

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

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

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

Rule 3: The retirement annuity of a participant who is employed at least one-half time during the period on which his or her final rate of earnings is based, shall be equal to the participant's years of service not to exceed 30, multiplied by (1) \$96 if the participant's final rate of earnings is less than \$3,500, (2) \$108 if the final rate of earnings is at least

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

Rule 4: A participant who is at least age 50 and has 25 or more years of service as a police officer or firefighter, and a participant who is age 55 or over and has at least 20 but less than 25 years of service as a police officer or firefighter, shall be entitled to a retirement annuity of 2 1/4% of the final rate of earnings for each of the first 10 years of service as a police officer or firefighter, 2 1/2% for each of the next 10 years of service as a police officer or firefighter, and 2 3/4% for each year of service as a police officer or firefighter in excess of 20. The retirement annuity for all other service shall be computed under Rule 1. A Tier 2 member is eligible for a retirement annuity calculated under Rule 4 only if that Tier 2 member meets the service requirements for that benefit calculation as prescribed under this Rule 4 in addition to the applicable age requirement under subsection (a-10) of Section 15-135.

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

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

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

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

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

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

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

(b-5) The retirement annuity of a Tier 2 member who is retiring under Rule 1 or 3 after attaining age 62 with at least 10 years of service credit shall be reduced by 1/2 of 1% for each full month that the member's age is under age 67.

(c) The maximum retirement annuity provided under Rules 1,

2, 4, and 5 shall be the lesser of (1) the annual limit of benefits as specified in Section 415 of the Internal Revenue Code of 1986, as such Section may be amended from time to time and as such benefit limits shall be adjusted by the Commissioner of Internal Revenue, and (2) 80% of final rate of earnings.

(d) A Tier 1 member whose status as an employee terminates after August 14, 1969 shall receive automatic increases in his or her retirement annuity as follows:

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

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

Beginning January 1, 1990, all automatic annual increases payable under this Section shall be calculated as a percentage of the total annuity payable at the time of the increase, including all increases previously granted under this Article.

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

(d-5) A retirement annuity of a Tier 2 member shall receive annual increases on the January 1 occurring either on or after the attainment of age 67 or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

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

(f) A participant is entitled to such additional annuity as



may be provided on an actuarially equivalent basis, by any accumulated additional contributions to his or her credit. However, the additional contributions made by the participant toward the automatic increases in annuity provided under this Section shall not be taken into account in determining the amount of such additional annuity.

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

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

(i) On January 1, 1987, any annuitant whose retirement annuity began on or before January 1, 1977, shall have the monthly retirement annuity increased by an amount equal to 8¢ per year of creditable service times the number of years that have elapsed since the annuity began.

(j) The changes made to this Section by this amendatory Act of the 101st General Assembly apply retroactively to January 1, 2011.

(Source: P.A. 101-610, eff. 1-1-20.)

(40 ILCS 5/15-136.1) (from Ch. 108 1/2, par. 15-136.1)

Sec. 15-136.1. Retirement annuities - Supplemental annuity.

(a) An annuitant whose status as an employee terminated before August 15, 1969 with at least 15 years of service is entitled to a supplemental annuity as follows:

Effective January 1, nearest the first anniversary of retirement, or January 1, nearest the annuitant's 65th birthday, whichever is later, the annuitant shall receive a supplemental annuity of 0.125% of the monthly retirement annuity which was provided under Rule 1, Rule 2, or Rule 3 of Section 15-136, multiplied by the number of full months which elapsed from the date of retirement through December 31, 1971, 0.1667% of such annuity multiplied by the number of full months which elapsed from January 1, 1972 through December 31, 1977, and 0.25% of such annuity multiplied by the number of full months which elapsed from January 1, 1978 to the effective date of the supplemental annuity.

On each January 1 thereafter during the annuitant's lifetime, he or she shall receive an additional supplemental annuity of 3% of the monthly annuity provided under Rule 1, Rule 2 or Rule 3 of Section 15-136. The change made in this Section by P.A. 81-970 is effective January 1, 1980 and applies to each annuitant whose status as an employee terminated before August 15, 1969.

The supplemental annuity is payable only if the annuitant files with the board, an agreement to pay to the system, an

amount equal to 1% of his or her monthly final rate of earnings multiplied by the number of years of service credited on the date of retirement. The payment shall be made in a lump sum, and if it is received by the board more than 30 days after the effective date of the supplemental annuity, the supplemental annuity shall be deferred to the first day of the month following receipt of the payment.

(b) Each annuitant, whose status as an employee terminated before August 15, 1969 with less than 15 years of service, is entitled to a monthly supplemental annuity effective January 1, 1984 or January 1 nearest the first anniversary of retirement or January 1 nearest his or her 65th birthday, whichever is later, of 3% of the monthly annuity which was provided by Rule 1, Rule 2, or Rule 3 of Section 15-136. On each January 1 thereafter during the lifetime of the annuitant, he or she shall be entitled to an additional monthly supplemental annuity of 3% of the monthly annuity which was provided by Rule 1, Rule 2, or Rule 3 of Section 15-136.

Beginning January 1, 1990, all automatic annual increases payable under this Section shall be calculated as a percentage of the total annuity payable at the time of the increase, including all increases previously granted under this Article. (Source: P.A. 86-273.)

(40 ILCS 5/15-136.2) (from Ch. 108 1/2, par. 15-136.2)

Sec. 15-136.2. Early retirement without discount. A participant whose retirement annuity begins after June 1, 1981 and on or before September 1, 2002 and within six months of the last day of employment for which retirement contributions were required, may elect at the time of application to make a one time employee contribution to the System and thereby avoid the early retirement reduction in retirement annuity specified under subsection (b) of Section 15-136. The exercise of the election shall obligate the last employer to also make a one time non-refundable contribution to the System.

The one time employee and employer contributions shall be a percentage of the retiring participant's highest full time annual salary rate during the academic years which were considered in determining his or her final rate of earnings, or if not full time then the full time equivalent. The employee contribution rate shall be 7% multiplied by the lesser of the following 2 sums: (1) the number of years that the participant is less than age 60; or (2) the number of years that the participant's creditable service is less than 35 years. The employer contribution shall be at the rate of 20% for each year the participant is less than age 60. The employer shall pay the employer contribution from the same source of funds which is used in paying earnings to employees.

Upon receipt of the application and election, the System shall determine the one time employee and employer contributions. The provisions of this Section shall not be applicable until all the above outlined contributions have been received by the System; however, the date such contributions are received shall not be considered in determining the effective date of retirement.

Employee and employer contributions under this Section shall be used only to eliminate the reduction for early retirement under Rules 1 and 3 of Section 15-136 and shall not be used in calculating annuities under Rules 2 or 4 set forth in Section 15-136. This amendatory Act of the 91st General Assembly is a clarification of existing law and applies to every participant and annuitant without regard to whether status as an employee terminates before the effective date of this amendatory Act.

For persons who apply to the Board after the effective date

of this amendatory Act of 1993 and before July 1, 1993, requesting a retirement annuity to begin no earlier than July 1, 1993 and no later than June 30, 1994, the employer shall pay both the employee and employer contributions required under this Section.

The number of employees retiring under this Section in any fiscal year may be limited at the option of the employer to no less than 15% of those eligible. The right to elect early retirement without discount shall be allocated among those applying on the basis of seniority in the service of the last employer.

(Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97; 91-887, eff. 7-6-00.)

(40 ILCS 5/15-136.3)

Sec. 15-136.3. Minimum retirement annuity.

(a) Beginning January 1, 1997, any person who is receiving a monthly retirement annuity under this Article which, after inclusion of (1) all one-time and automatic annual increases to which the person is entitled, (2) any supplemental annuity payable under Section 15-136.1, and (3) any amount deducted under Section 15-138 or 15-140 to provide a reversionary annuity, is less than the minimum monthly retirement benefit amount specified in subsection (b) of this Section, shall be entitled to a monthly supplemental payment equal to the difference.

(b) For purposes of the calculation in subsection (a), the minimum monthly retirement benefit amount is the sum of \$25 for each year of service credit, up to a maximum of 30 years of service.

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

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

(40 ILCS 5/15-136.4)

Sec. 15-136.4. Retirement and Survivor Benefits Under Portable Benefit Package.

(a) This Section 15-136.4 describes the form of annuity and survivor benefits available to a participant who has elected the portable benefit package and has completed the one-year waiting period required under subsection (e) of Section 15-134.5. For purposes of this Section, the term "eligible spouse" means the husband or wife of a participant to whom the participant is married on the date the participant's annuity payment period begins, provided however, that if the participant should die prior to the commencement of retirement annuity benefits, then "eligible spouse" means the husband or wife, if any, to whom the participant was married throughout the one-year period preceding the date of his or her death.

(b) This subsection (b) describes the normal form of annuity payable to a participant subject to this Section 15-136.4. If the participant is unmarried on the date his or her annuity payment period begins, then the annuity payments shall be made in the form of a single-life annuity as described in Section 15-118. If the participant is married on the date his or her annuity payments commence, then the annuity payments shall be paid in the form of a qualified joint and survivor annuity that is the actuarial equivalent of the single-life annuity. Under the "qualified joint and survivor annuity", a reduced amount shall be paid to the participant for his or her lifetime and his or her eligible spouse, if surviving at the participant's death,

shall be entitled to receive thereafter a lifetime survivorship annuity in a monthly amount equal to 50% of the reduced monthly amount that was payable to the participant. The last payment of a qualified joint and survivor annuity shall be made as of the first day of the month in which the death of the survivor occurs.

(c) Instead of the normal form of annuity that would be paid under subsection (b), a participant may elect in writing within the 180-day period prior to the date his or her annuity payments commence to waive the normal form of annuity payment and receive an optional form of payment as described in subsection (h). If the participant is married and elects an optional form of payment under subsection (h) other than a joint and survivor annuity with the eligible spouse designated as the contingent annuitant, then such election shall require the consent of his or her eligible spouse in the manner described in subsection (d). At any time during the 180-day period preceding the date the participant's payment period begins, the participant may revoke the optional form of payment elected under this subsection (c) and reinstate coverage under the qualified joint and survivor annuity without the spouse's consent, but an election to revoke the optional form elected and elect a new optional form of payment or designate a different contingent annuitant shall not be effective without the eligible spouse's consent.

(d) The eligible spouse's consent to any election made pursuant to this Section that requires the eligible spouse's consent shall be in writing and shall acknowledge the effect of the consent. In addition, the eligible spouse's signature on the written consent must be witnessed by a notary public. The eligible spouse's consent need not be obtained if the system is satisfied that there is no eligible spouse, that the eligible spouse cannot be located, or because of any other relevant circumstances. An eligible spouse's consent under this Section is valid only with respect to the specified optional form of payment and, if applicable, contingent annuitant designated by the participant. If the optional form of payment or the contingent annuitant is subsequently changed (other than by a revocation of the optional form of payment and reinstatement of the qualified joint and survivor annuity), a new consent by the eligible spouse is required. The eligible spouse's consent to an election made by a participant pursuant to this Section, once made, may not be revoked by the eligible spouse.

(e) Within a reasonable period of time preceding the date a participant's annuity commences, a participant shall be supplied with a written explanation of (1) the terms and conditions of the normal form single-life annuity and qualified joint and survivor annuity, (2) the participant's right to elect a single-life annuity or an optional form of payment under subsection (h) subject to his or her eligible spouse's consent, if applicable, and (3) the participant's right to reinstate coverage under the qualified joint and survivor annuity prior to his or her annuity commencement date by revoking an election of an optional form of payment under subsection (h).

(f) If a married participant with at least 1.5 years of service dies prior to commencing retirement annuity payments and prior to taking a refund under Section 15-154, his or her eligible spouse is entitled to receive a pre-retirement survivor annuity, if there is not then in effect a waiver of the pre-retirement survivor annuity. The pre-retirement survivor annuity payable under this subsection shall be a monthly annuity payable for the eligible spouse's life, commencing as of the beginning of the month next following the later of the date of the participant's death or the date the participant would have first met the eligibility requirements for retirement, and continuing

through the beginning of the month in which the death of the eligible spouse occurs. The monthly amount payable to the spouse under the pre-retirement survivor annuity shall be equal to the monthly amount that would be payable as a survivor annuity under the qualified joint and survivor annuity described in subsection (b) if: (1) in the case of a participant who dies on or after the date on which the participant has met the eligibility requirements for retirement, the participant had retired with an immediate qualified joint and survivor annuity on the day before the participant's date of death; or (2) in the case of a participant who dies before the earliest date on which the participant would have met the eligibility requirements for retirement age, the participant had separated from service on the date of death, survived to the earliest retirement age based on service prior to his or her death, retired with an immediate qualified joint and survivor annuity at the earliest retirement age, and died on the day after the day on which the participant would have attained the earliest retirement age.

(g) A married participant who has not retired may elect at any time to waive the pre-retirement survivor annuity described in subsection (f). Any such election shall require the consent of the participant's eligible spouse in the manner described in subsection (d). A waiver of the pre-retirement survivor annuity shall increase the lump sum death benefit payable under subsection (b) of Section 15-141. Prior to electing any waiver of the pre-retirement survivor annuity, the participant shall be provided with a written explanation of (1) the terms and conditions of the pre-retirement survivor annuity and the death benefits payable from the system both with and without the pre-retirement survivor annuity, (2) the participant's right to elect a waiver of the pre-retirement survivor annuity coverage subject to his or her spouse's consent, and (3) the participant's right to reinstate pre-retirement survivor annuity coverage at any time by revoking a prior waiver of such coverage.

(h) By filing a timely election with the system, a participant who will be eligible to receive a retirement annuity under this Section may waive the normal form of annuity payment described in subsection (b), subject to obtaining the consent of his or her eligible spouse, if applicable, and elect to receive any one of the following optional forms of payment:

(1) Joint and Survivor Annuity Options: The participant may elect to receive a reduced annuity payable for his or her life and to have a lifetime survivorship annuity in a monthly amount equal to 50%, 75%, or 100% (as elected by the participant) of that reduced monthly amount, to be paid after the participant's death to his or her contingent annuitant, if the contingent annuitant is alive at the time of the participant's death.

(2) Single-Life Annuity Option (optional for married participants). The participant may elect to receive a single-life annuity payable for his or her life only.

(3) Lump sum retirement benefit. The participant may elect to receive a lump sum retirement benefit that is equal to the amount of a refund payable under Section 15-154(a-2). All joint and survivor annuity forms shall be in an amount that is the actuarial equivalent of the single-life annuity.

For the purposes of this Section, the term "contingent annuitant" means the beneficiary who is designated by a participant at the time the participant elects a joint and survivor annuity to receive the lifetime survivorship annuity in the event the beneficiary survives the participant at the participant's death.

(i) Under no circumstances may an option be elected, changed, or revoked after the date the participant's retirement

annuity commences.

(j) An election made pursuant to subsection (h) shall become inoperative if the participant or the contingent annuitant dies before the date the participant's annuity payments commence, or if the eligible spouse's consent is required and not given.

(k) (Blank).

(l) The automatic annual increases described in subsection (d) of Section 15-136 shall apply to retirement benefits under the portable benefit package and the automatic annual increases described in subsection (j) of Section 15-145 shall apply to survivor benefits under the portable benefit package.

(Source: P.A. 96-586, eff. 8-18-09; 97-933, eff. 8-10-12; 97-968, eff. 8-16-12.)

(40 ILCS 5/15-137) (from Ch. 108 1/2, par. 15-137)

Sec. 15-137. Retirement annuities-Guarantees. This Article shall not operate to deprive any participant of eligibility for an annuity or to reduce the annuity to which a participant would have been entitled under the provisions of "The 1941 Act," in effect on June 30, 1955, if prior to June 30, 1955, the participant had met the minimum requirements for an annuity, or was employed by an employer on that date.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-138) (from Ch. 108 1/2, par. 15-138)

Sec. 15-138. Retirement annuities-Reduction. If a participant elects to have a reversionary annuity under this Article, the retirement annuity otherwise payable shall be reduced by the actuarial equivalent of the amount required to provide the reversionary annuity.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-139) (from Ch. 108 1/2, par. 15-139)

Sec. 15-139. Retirement annuities; cancellation; suspended during employment.

(a) If an annuitant returns to employment for an employer within 60 days after the beginning of the retirement annuity payment period, the retirement annuity shall be cancelled, and the annuitant shall refund to the System the total amount of the retirement annuity payments which he or she received. If the retirement annuity is cancelled, the participant shall continue to participate in the System.

(b) If an annuitant retires prior to age 60 and receives or becomes entitled to receive during any month compensation in excess of the monthly retirement annuity (including any automatic annual increases) for services performed after the date of retirement for any employer under this System, that portion of the monthly retirement annuity provided by employer contributions shall not be payable.

If an annuitant retires at age 60 or over and receives or becomes entitled to receive during any academic year compensation in excess of the difference between his or her highest annual earnings prior to retirement and his or her annual retirement annuity computed under Rule 1, Rule 2, Rule 3, or Rule 4 of Section 15-136, or under Section 15-136.4, for services performed after the date of retirement for any employer under this System, that portion of the monthly retirement annuity provided by employer contributions shall be reduced by an amount equal to the compensation that exceeds such difference.

However, any remuneration received for serving as a member

of the Illinois Educational Labor Relations Board shall be excluded from "compensation" for the purposes of this subsection (b), and serving as a member of the Illinois Educational Labor Relations Board shall not be deemed to be a return to employment for the purposes of this Section. This provision applies without regard to whether service was terminated prior to the effective date of this amendatory Act of 1991.

"Academic year", as used in this subsection (b), means the 12-month period beginning September 1.

(c) If an employer certifies that an annuitant has been reemployed on a permanent and continuous basis or in a position in which the annuitant is expected to serve for at least 9 months, the annuitant shall resume his or her status as a participating employee and shall be entitled to all rights applicable to participating employees upon filing with the board an election to forgo all annuity payments during the period of reemployment. Upon subsequent retirement, the retirement annuity shall consist of the annuity which was terminated by the reemployment, plus the additional retirement annuity based upon service granted during the period of reemployment, but the combined retirement annuity shall not exceed the maximum annuity applicable on the date of the last retirement.

The total service and earnings credited before and after the initial date of retirement shall be considered in determining eligibility of the employee or the employee's beneficiary to benefits under this Article, and in calculating final rate of earnings.

In determining the death benefit payable to a beneficiary of an annuitant who again becomes a participating employee under this Section, accumulated normal and additional contributions shall be considered as the sum of the accumulated normal and additional contributions at the date of initial retirement and the accumulated normal and additional contributions credited after that date, less the sum of the annuity payments received by the annuitant.

The survivors insurance benefits provided under Section 15-145 shall not be applicable to an annuitant who resumes his or her status as a participating employee, unless the annuitant, at the time of initial retirement, has a survivors insurance beneficiary who could qualify for such benefits or the annuitant repaid the survivors insurance contribution refund or additional annuity under subsection (c-5) of Section 15-154.

If the participant's employment is terminated because of circumstances other than death before 9 months from the date of reemployment, the provisions of this Section regarding resumption of status as a participating employee shall not apply. The normal and survivors insurance contributions which are deducted during this period shall be refunded to the annuitant without interest, and subsequent benefits under this Article shall be the same as those which were applicable prior to the date the annuitant resumed employment.

The amendments made to this Section by this amendatory Act of the 91st General Assembly apply without regard to whether the annuitant was in service on or after the effective date of this amendatory Act.

(Source: P.A. 98-92, eff. 7-16-13; 98-596, eff. 11-19-13; 99-682, eff. 7-29-16.)

(40 ILCS 5/15-139.1)

Sec. 15-139.1. Tier 2 member retirement annuities; suspended during employment. If a Tier 2 member is receiving a retirement annuity under this System and becomes a member or participant under any other system or fund created by this Code and is employed on a full-time basis, then the person's retirement

annuity shall be suspended during that employment. Upon termination of that employment, the person's retirement annuity shall resume and be recalculated if recalculation is provided for under this Article.

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

(40 ILCS 5/15-139.5)

Sec. 15-139.5. Return to work by affected annuitant; notice and contribution by employer.

(a) An employer who employs or re-employs a person receiving a retirement annuity from the System in an academic year beginning on or after August 1, 2013 must notify the System of that employment within 60 days after employing the annuitant. The notice must include a summary of the contract of employment or specify the rate of compensation and the anticipated length of employment of that annuitant. The notice must specify whether the annuitant will be compensated from federal, corporate, foundation, or trust funds or grants of State funds that identify the principal investigator by name. The notice must include the employer's determination of whether or not the annuitant is an "affected annuitant" as defined in subsection (b).

The employer must also record, document, and certify to the System (i) the amount of compensation paid to the annuitant for employment during the academic year, and (ii) the amount of that compensation, if any, that comes from either federal, corporate, foundation, or trust funds or grants of State funds that identify the principal investigator by name.

As used in this Section, "academic year" means the 12-month period beginning September 1.

For the purposes of this Section, an annuitant whose employment by an employer extends over more than one academic year shall be deemed to be re-employed by that employer in each of those academic years.

The System may specify the time, form, and manner of providing the determinations, notifications, certifications, and documentation required under this Section.

(b) A person receiving a retirement annuity from the System becomes an "affected annuitant" on the first day of the academic year following the academic year in which the annuitant first meets the following conditions:

(1) (Blank).

(2) While receiving a retirement annuity under this Article, the annuitant was employed on or after August 1, 2013 by one or more employers under this Article and received or became entitled to receive during an academic year compensation for that employment in excess of 40% of his or her highest annual earnings prior to retirement; except that compensation paid from federal, corporate, foundation, or trust funds or grants of State funds that identify the principal investigator by name is excluded.

(3) The annuitant received an annualized retirement annuity under this Article of at least \$10,000.

A person who becomes an affected annuitant remains an affected annuitant, except for (i) any period during which the person returns to active service and does not receive a retirement annuity from the System or (ii) any period on or after the effective date of this amendatory Act of the 100th General Assembly during which an annuitant received an annualized retirement annuity under this Article that is less than \$10,000.

(c) It is the obligation of the employer to determine whether an annuitant is an affected annuitant before employing the annuitant. For that purpose the employer may require the



annuitant to disclose and document his or her relevant prior employment and earnings history. Failure of the employer to make this determination correctly and in a timely manner or to include this determination with the notification required under subsection (a) does not excuse the employer from making the contribution required under subsection (e).

The System may assist the employer in determining whether a person is an affected annuitant. The System shall inform the employer if it discovers that the employer's determination is inconsistent with the employment and earnings information in the System's records.

(d) Upon the request of an annuitant, the System shall certify to the annuitant or the employer the following information as reported by the employers, as that information is indicated in the records of the System: (i) the annuitant's highest annual earnings prior to retirement, (ii) the compensation paid for that employment in each academic year, and (iii) whether any of that employment or compensation has been certified to the System as being paid from federal, corporate, foundation, or trust funds or grants of State funds that identify the principal investigator by name. The System shall only be required to certify information that is received from the employers.

(e) In addition to the requirements of subsection (a), an employer who employs an affected annuitant must pay to the System an employer contribution in the amount and manner provided in this Section, unless the annuitant is compensated by that employer solely from federal, corporate, foundation, or trust funds or grants of State funds that identify the principal investigator by name.

The employer contribution required under this Section for employment of an affected annuitant in an academic year shall be equal to 12 times the amount of the gross monthly retirement annuity payable to the annuitant for the month in which the first paid day of that employment in that academic year occurs, after any reduction in that annuity that may be imposed under subsection (b) of Section 15-139.

If an affected annuitant is employed by more than one employer in an academic year, the employer contribution required under this Section shall be divided among those employers in proportion to their respective portions of the total compensation paid to the affected annuitant for that employment during that academic year.

If the System determines that an employer, without reasonable justification, has failed to make the determination of affected annuitant status correctly and in a timely manner, or has failed to notify the System or to correctly document or certify to the System any of the information required by this Section, and that failure results in a delayed determination by the System that a contribution is payable under this Section, then the amount of that employer's contribution otherwise determined under this Section shall be doubled.

The System shall deem a failure to correctly determine the annuitant's status to be justified if the employer establishes to the System's satisfaction that the employer, after due diligence, made an erroneous determination that the annuitant was not an affected annuitant due to reasonable reliance on false or misleading information provided by the annuitant or another employer, or an error in the annuitant's official employment or earnings records.

(f) Whenever the System determines that an employer is liable for a contribution under this Section, it shall so notify the employer and certify the amount of the contribution. The employer may pay the required contribution without interest at any time within one year after receipt of the certification. If

the employer fails to pay within that year, then interest shall be charged at a rate equal to the System's prescribed rate of interest, compounded annually from the 366th day after receipt of the certification from the System. Payment must be concluded within 2 years after receipt of the certification by the employer. If the employer fails to make complete payment, including applicable interest, within 2 years, then the System may, after giving notice to the employer, certify the delinquent amount to the State Comptroller, and the Comptroller shall thereupon deduct the certified delinquent amount from State funds payable to the employer and pay them instead to the System.

(g) If an employer is required to make a contribution to the System as a result of employing an affected annuitant and the annuitant later elects to forgo his or her annuity in that same academic year pursuant to subsection (c) of Section 15-139, then the required contribution by the employer shall be waived, and if the contribution has already been paid, it shall be refunded to the employer without interest.

(h) Notwithstanding any other provision of this Article, the employer contribution required under this Section shall not be included in the determination of any benefit under this Article or any other Article of this Code, regardless of whether the annuitant returns to active service, and is in addition to any other State or employer contribution required under this Article.

(i) Notwithstanding any other provision of this Section to the contrary, if an employer employs an affected annuitant in order to continue critical operations in the event of either an employee's unforeseen illness, accident, or death or a catastrophic incident or disaster, then, for one and only one academic year, the employer is not required to pay the contribution set forth in this Section for that annuitant. The employer shall, however, immediately notify the System upon employing a person subject to this subsection (i). For the purposes of this subsection (i), "critical operations" means teaching services, medical services, student welfare services, and any other services that are critical to the mission of the employer.

(j) This Section shall be applied and coordinated with the regulatory obligations contained in the State Universities Civil Service Act. This Section shall not apply to an annuitant if the employer of that annuitant provides documentation to the System that (1) the annuitant is employed in a status appointment position, as that term is defined in 80 Ill. Adm. Code 250.80, and (2) due to obligations contained under the State Universities Civil Service Act, the employer does not have the ability to limit the earnings or duration of employment for the annuitant while employed in the status appointment position.

(Source: P.A. 100-556, eff. 12-8-17.)

(40 ILCS 5/15-140) (from Ch. 108 1/2, par. 15-140)

Sec. 15-140. Reversionary annuities. A participant in the traditional benefit package entitled to a retirement annuity may, prior to retirement, elect to take a reduced retirement annuity and provide with the actuarial value of the reduction, a reversionary annuity to a dependent beneficiary, subject to the following conditions: (1) the participant's written notice of election to provide such annuity is received by the board at least 30 days before the retirement annuity payment period begins, and (2) the amount of the reversionary annuity is not less than \$10 per month, and (3) the reversionary annuity is payable only if the participant dies after retirement.

The participant may revoke the election by filing a written

notice of revocation with the board. The beneficiary's death prior to retirement of the participant shall constitute a revocation of the election.

The amount of the reversionary annuity shall be that specified in the participant's notice of election, but not more than the amount which when added to the survivors annuity payable to the dependent beneficiary, would equal the participant's reduced retirement annuity. The participant shall specify in the notice of election whether the full retirement annuity is to be resumed or the reduced retirement annuity is to be continued, in the event the beneficiary predeceases the annuitant.

The reversionary annuity payment period shall begin on the day following the annuitant's death. A reversionary annuity shall not be payable if the beneficiary predeceases the annuitant.

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

(40 ILCS 5/15-141) (from Ch. 108 1/2, par. 15-141)

Sec. 15-141. Death benefits - Death of participant.

(a) The beneficiary of a participant under the traditional benefit package is entitled to a death benefit equal to the sum of (1) the employee's accumulated normal and additional contributions on the date of death, (2) the employee's accumulated survivors insurance contributions on the date of death, if a survivors insurance benefit is not payable, (3) an amount equal to the employee's final rate of earnings, but not more than \$5,000, if (i) the beneficiary, under rules of the board, was dependent upon the participant, (ii) the participant was a participating employee immediately prior to his or her death, and (iii) a survivors insurance benefit is not payable, and (4) \$2,500 if (i) the beneficiary was not dependent upon the participant, (ii) the participant was a participating employee immediately prior to his or her death, and (iii) a survivors insurance benefit is not payable.

(b) If the participant has elected to participate in the portable benefit package and has completed the one-year waiting period required under subsection (e) of Section 15-134.5, the death benefit shall be equal to the employee's accumulated normal and additional contributions on the date of death plus, if the employee died with 1.5 or more years of service for employment as defined in Section 15-113.1, employer contributions in an amount equal to the sum of the accumulated normal and additional contributions; except that if a pre-retirement survivor annuity is payable under Section 15-136.4, the death benefit payable under this paragraph shall be reduced, but to not less than zero, by the actuarial value of the benefit payable to the surviving spouse. If the recipient of a pre-retirement survivor annuity dies before an amount equal to all accumulated normal and additional contributions as of the date of death have been paid out, the remaining difference shall be paid to the member's beneficiary. The primary beneficiary of the participant must be his or her spouse unless the spouse has consented to the designation of another beneficiary in the manner described in subsection (d) of Section 15-136.4.

(c) If payments are made under any State or federal workers' compensation or occupational diseases law because of the death of an employee, the portion of the death benefit payable from employer contributions shall be reduced by the total amount of the payments.

(Source: P.A. 95-83, eff. 8-13-07.)

(40 ILCS 5/15-142) (from Ch. 108 1/2, par. 15-142)

Sec. 15-142. Death benefits - Death of annuitant. Upon the death of an annuitant receiving a retirement annuity or disability retirement annuity, the annuitant's beneficiary shall, if a survivor's insurance benefit is not payable under Section 15-145 and an annuity is not payable under Section 15-136.4, be entitled to a death benefit equal to the greater of the following: (1) the excess, if any, of the sum of the accumulated normal, survivors insurance, and additional contributions as of the date of retirement or the date the disability retirement annuity began, whichever is earlier, over the sum of all annuity payments made prior to the date of death, or (2) \$1,000.

(Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98; 91-887, eff. 7-6-00.)

(40 ILCS 5/15-143) (from Ch. 108 1/2, par. 15-143)

Sec. 15-143. Death benefits - general provisions. All death benefits shall be paid as a single cash sum. A death benefit shall be paid as soon as practicable after receipt by the board of (1) a written application by the beneficiary and (2) such evidence of death and identification as the board shall require. (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

(40 ILCS 5/15-144) (from Ch. 108 1/2, par. 15-144)

Sec. 15-144. Beneficiary annuities. This Section applies only to the death benefits of persons who became participants before August 22, 1997 (the effective date of Public Act 90-511).

If a deceased participant has specified in a written notice on file with the board prior to his or her death, or if the participant has not so specified, but the beneficiary specifies in the application for the death benefit that the benefit be paid as an annuity or as a designated cash payment plus an annuity, it shall be paid in the manner thus specified, unless the annuity is less than \$10 per month, in which case the death benefit shall be paid in a single cash sum. If the death benefit is paid as an annuity, the beneficiary may elect to take an amount not in excess of \$500 in a single cash sum. The annuity payable to a beneficiary shall be the actuarial equivalent of the death benefit, determined as of the participant's date of death, on the basis of the age of the beneficiary at that time.

The beneficiary annuity payment period shall begin on the day following the death of the deceased and shall terminate on the date of the beneficiary's death. If the beneficiary may receive the death benefit in a single cash sum, but elects to receive an annuity, he or she may, within one year after the death of the participant or annuitant, revoke this election and receive in a single cash sum the excess of the amount of the death benefit upon which the annuity was based over the sum of the annuity payments received.

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

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

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

(a) The survivors insurance benefits provided under this Section shall be payable to the eligible survivors of a Tier 1 member covered under the traditional benefit package upon the death of (1) a participating employee with at least 1 1/2 years of service, (2) a participant who terminated employment with at



(h) If the sum of the lump sum and total monthly survivor benefits payable under this Section upon the death of a participant amounts to less than the sum of the death benefits payable under items (2) and (3) of Section 15-141, the

difference shall be paid in a lump sum to the beneficiary of the participant who is living on the date that this additional amount becomes payable.

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

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

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

(l) The changes made to this Section and Section 15-131 by this amendatory Act of 1997, relating to benefits for certain unmarried children who are full-time students under age 22, apply without regard to whether the deceased member was in service on or after the effective date of this amendatory Act of 1997. These changes do not authorize the repayment of a refund or a re-election of benefits, and any benefit or increase in benefits resulting from these changes is not payable retroactively for any period before the effective date of this amendatory Act of 1997.

(Source: P.A. 101-321, eff. 8-9-19.)

(40 ILCS 5/15-145.1)

Sec. 15-145.1. Survivor's insurance annuities and lump sum payments for Tier 2 Members; amount. Survivor eligibility, vesting, and conditions for a survivor's insurance annuity and lump sum payment amount payable to a survivor's insurance beneficiary of a deceased Tier 2 member shall be determined under the provisions of this Article applicable to survivor's insurance beneficiaries of a deceased Tier 1 member; however, the amount of a survivor's insurance annuity, including the annual increases thereon, shall be calculated pursuant to this Section. The initial survivor's insurance annuity of a survivors insurance beneficiary of a Tier 2 annuitant shall be in the amount of 66 2/3% of the Tier 2 member's retirement annuity at the date of death. In the case of the death of a Tier 2 member who has not retired, eligibility for a survivor's insurance benefit shall be determined by the applicable Section of this Article. The initial benefit shall be 66 2/3% of the earned annuity without a reduction due to age. A survivor's insurance

annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased Tier 2 member died while receiving a retirement annuity or (2) in other cases, on each January 1 occurring after the first anniversary of the commencement of the benefit. Each annual increase shall be calculated at 3% or one half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted survivor's insurance annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the survivor's insurance annuity shall not be increased. A beneficiary of a Tier 2 member who elects the Portable Benefit Package provided under this Article shall not be eligible for the survivor's insurance annuity that is provided under this Section. If 2 or more persons are eligible to receive survivor's insurance annuities as provided under this Section based on the same deceased Tier 2 member, the calculation of the survivor's insurance annuities shall be based on the total calculation of the survivor's insurance annuity and divided pro rata. The changes made to this Section by this amendatory Act of the 98th General Assembly are a clarification of existing law and are intended to be retroactive to the effective date of Public Act 96-889, notwithstanding the provisions of Section 1-103.1 of this Code. (Source: P.A. 98-92, eff. 7-16-13; 98-596, eff. 11-19-13.)

(40 ILCS 5/15-146) (from Ch. 108 1/2, par. 15-146)

Sec. 15-146. Survivors insurance benefits - Minimum amounts.

(a) The minimum total survivors annuity payable on account of the death of a participant shall be 50% of the retirement annuity which would have been provided under Rule 1, Rule 2, or Rule 3 of Section 15-136 upon the participant's attainment of the minimum age at which the penalty for early retirement would not be applicable or the date of the participant's death, whichever is later, on the basis of credits earned prior to the time of death.

(b) The minimum total survivors annuity payable on account of the death of an annuitant shall be 50% of the retirement annuity which is payable under Section 15-136 at the time of death or 50% of the disability retirement annuity payable under Section 15-153.2. This minimum survivors annuity shall apply to each participant and annuitant who dies after September 16, 1979, whether or not his or her employee status terminates before or after that date.

(c) If an annuitant has elected a reversionary annuity, the retirement annuity referred to in this Section is that which would have been payable had such election not been filed.

(d) Beginning January 1, 2002, any person who is receiving a survivors annuity under this Article which, after inclusion of all one-time and automatic annual increases to which the person is entitled, is less than the sum of \$17.50 for each year (up to a maximum of 30 years) of the deceased member's service credit, shall be entitled to a monthly supplemental payment equal to the difference.

If 2 or more persons are receiving survivors annuities based on the same deceased member, the calculation of the supplemental payment under this subsection shall be based on the total of those annuities and divided pro rata. The supplemental payment is not subject to any limitation on the maximum amount of the annuity and shall not be included in the calculation of any automatic annual increase under Section 15-145.

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



(40 ILCS 5/15-146.1) (from Ch. 108 1/2, par. 15-146.1)

Sec. 15-146.1. Survivors insurance benefits-Maximum amounts.

(a) The maximum total survivors annuity payable on account of any deceased participating employee shall be the lesser of: (1) 80% of the final rate of earnings; or (2) (A) \$400 per month if one survivors insurance beneficiary is entitled to a survivors annuity, or (B) \$600 per month if there are 2 or more such beneficiaries.

(b) The maximum total survivors annuity payable on account of the death of any person occurring after retirement or after termination of his or her employee status shall be the lesser of: (1) 80% of the final rate of earnings; (2) (A) \$400 per month if one survivors insurance beneficiary is entitled to a survivors annuity, or (B) \$600 per month if there are 2 or more such beneficiaries; or (3) 80% of the retirement annuity payable to the annuitant at the date of retirement under the provisions of Rule 1, Rule 2, or Rule 3 of Section 15-136, or 80% of the retirement annuity which would have been payable to the participant upon attainment of the minimum age at which the penalty for early retirement would not be applicable or the date of death, whichever is later, based upon credits earned as of the date of death.

(c) The maximum total survivors annuity payable on account of the death of any person whose death occurs while in receipt of a disability retirement annuity under Section 15-153.2 shall be the lesser of (1) 80% of his or her final rate of earnings, (2) (A) \$400 per month if one survivors insurance beneficiary is entitled to a survivors annuity, or (B) \$600 per month if 2 or more survivors insurance beneficiaries qualify for this benefit, or (3) 80% of the retirement annuity which would have been payable upon attainment of the age at which the penalty for early retirement would not be applicable or the date of death, whichever is later, based upon the participant's credits on the date of death, or 80% of the disability retirement annuity whichever is greater.

(d) If the minimum annuity provided under Section 15-146 exceeds the maximum annuity provided under this Section, the minimum annuity shall be payable.

(e) If an annuitant has elected a reversionary annuity, the retirement annuity referred to in this Section is that which would have been payable had such election not been filed.

(f) If a survivors insurance beneficiary qualifies for a survivors or widows annuity because of pension credits established by the participant or annuitant in another system covered by Article 20, and the combined survivors annuities exceed the highest survivors annuity which could be provided by either system based upon the combined pension credits, the survivors annuity payable by this system shall be reduced to that amount which, when added to the survivors annuity payable by the other system, would equal this highest survivors annuity. If the other system has a similar provision for adjustment of the survivors annuity, the respective proportional survivors annuities shall be reduced proportionately according to the ratio which the amount of each proportional survivors annuity bears to the aggregate of all proportional survivors annuities. If a survivors annuity is payable by another system covered by Article 20, and the survivor elects to waive the survivors annuity and accept a lump sum payment or death benefit in lieu of the survivors annuity, this system shall, for the purpose of adjusting the survivors annuity under this subsection, assume that the survivor was entitled to a survivors annuity which, in accordance with actuarial tables of this system, is the actuarial equivalent of the amount of the lump sum payment or

death benefit.

(g) The total monthly survivors annuity payable to the beneficiaries of any annuitant who terminated employment before July 14, 1959 and whose death occurs after September 16, 1977 shall not exceed \$200.

(h) Whenever a reduction in the survivors annuity is made as authorized above, the survivors annuity to each dependent parent shall be proportionately reduced or eliminated, and if further reduction is necessary, the survivors annuity payable to every other person shall be proportionately decreased.

(i) This Section applies to the survivors insurance benefits provided to the eligible survivors of a Tier 1 member.

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

(40 ILCS 5/15-147) (from Ch. 108 1/2, par. 15-147)

Sec. 15-147. Survivors insurance benefits-Dependency conditions. A child is deemed dependent upon his or her natural or adopting father or mother if the child is living with or receiving support from such parent. If the child is not living with or receiving support from such parent, he or she is deemed dependent upon that parent if the child (1) has not been adopted by some other individual, and (2) is not living with or receiving more than 1/2 support from his or her stepparent.

A child is deemed dependent upon his or her stepfather or stepmother if the child is living with or receiving at least 1/2 support from the stepparent.

A parent is considered dependent if receiving at least 1/2 of his or her support from the participant or annuitant at the time of the death of the participant or annuitant.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-148) (from Ch. 108 1/2, par. 15-148)

Sec. 15-148. Survivors insurance benefits - General provisions. The survivors annuity is payable monthly. Any annuity due but unpaid upon the death of the annuitant, shall be paid to the annuitant's estate.

A person who becomes entitled to more than one survivors insurance benefit because of the death of 2 or more persons shall receive only the largest of the benefits; except that this limitation does not apply to a survivors insurance beneficiary who is entitled to a survivor's annuity by reason of a mental or physical disability.

A survivors insurance beneficiary or the personal representative of the estate of a deceased survivors insurance beneficiary or the personal representative of a survivors insurance beneficiary who is under a legal disability may waive the right to receive survivorship benefits, provided written notice of the waiver is given by the beneficiary or representative to the board within 6 months after the death of the participant or annuitant and before any payment is made pursuant to an application filed by such person.

(Source: P.A. 92-424, eff. 8-17-01.)

(40 ILCS 5/15-149) (from Ch. 108 1/2, par. 15-149)

Sec. 15-149. Determination of family status. Subject to the definitions contained in Sections 15-127 to 15-130, inclusive, in determining whether an applicant for a benefit under this Article is the surviving spouse, child, or parent of a participant or annuitant, the board shall apply such law as would be applied by the courts of this State in determining the devolution of intestate property.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-150) (from Ch. 108 1/2, par. 15-150)

Sec. 15-150. Disability benefits - Eligibility. A participant may be granted a disability benefit if: (1) while a participating employee, he or she becomes physically or mentally incapacitated and unable to perform the duties of his or her assigned position for any period exceeding 60 days; and (2) the employee had completed 2 years of service at the time of disability, unless the disability is a result of an accident.

An employee shall be considered disabled only during the period for which the board determines, based upon the evidence listed below, that the employee is unable to reasonably perform the duties of his or her assigned position as a result of a physical or mental disability. This determination shall be based upon:

- (i) a written certificate from one or more licensed and practicing physicians appointed by or acceptable to the board, stating that the employee is disabled and unable to reasonably perform the duties of his or her assigned position;

- (ii) a written certificate from the employer stating that the employee is unable to perform the duties of his or her assigned position; and

- (iii) any other medical examinations, hospital records, laboratory results, or other information necessary for determining the employment capacity and condition of the employee.

The board shall prescribe rules governing the filing, investigation, control, and supervision of disability claims. Costs incurred by a claimant in connection with completing a claim for disability benefits shall be paid (A) by the claimant, in the case of the one required medical examination, medical certificate, and employer's certificate and any other requirements generally imposed by the board on all disability benefit claimants; and (B) by the System, in the case of any additional medical examination or other additional requirement imposed on a particular claimant that is not imposed generally on all disability benefit claimants.

Pregnancy and childbirth shall be considered a disability.

(Source: P.A. 90-766, eff. 8-14-98.)

(40 ILCS 5/15-151) (from Ch. 108 1/2, par. 15-151)

Sec. 15-151. Disability benefits - commencement. Disability benefits shall begin to accrue upon the termination of the payment of salary or sick leave benefits or the 61st day after the occurrence of the disability, whichever is later. However, no benefits shall be payable covering a period of more than 30 days prior to the receipt of a written application unless the board finds good cause for the delay in filing the application. The recurrence within 30 days of a former disability shall be considered a continuation of the disability. If a disabled participant returns to his or her assigned position and within 30 days again becomes disabled from the same cause, the previous period of disability shall be considered in determining the date benefits may begin, and the amount of the benefit shall be based upon the basic compensation on the date the participant first became disabled from this cause.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-152) (from Ch. 108 1/2, par. 15-152)

Sec. 15-152. Disability benefits - Duration. Disability benefits shall be discontinued when the earliest of the following occurs: (1) when disability ceases, (2) upon refusal of the participant to submit to a reasonable physical examination by a physician approved by the board, (3) upon refusal of the participant to accept any position, assigned in good faith by an employer, the duties of which could reasonably be performed by the participant and the earnings of which would be at least equal to the disability benefit payable under this Article, (4) upon September 1, following the participant's 70th birthday, if the disability benefit commenced prior to attainment of age 65, (5) the end of the month following the fifth anniversary of the date disability benefits commenced, if such benefits began after the attainment of age 65, (6) when the total disability benefits paid equal 50% of the participant's total earnings for the entire period of employment for which service has been granted prior to the date disability benefits began to accrue, or (7) upon failure of the participant to provide an earnings verification necessary to determine continuance of benefits. If the disability was caused by an on-the-job accident, and the participant is granted workers' compensation or occupational disease payments from the employer or the State of Illinois, the limitation in clause (6) shall not be applicable.

Service and earnings credits under the State Employees' Retirement System of Illinois and the Teachers' Retirement System of the State of Illinois shall be considered in determining the employee's eligibility for, and the duration of disability benefits.

If, by law, a function of a governmental unit, as defined by Section 20-107 is transferred in whole or in part to an employer and an employee transfers employment from the governmental unit to such employer within 6 months after the transfer of this function, the pension credits in the governmental unit's retirement system which have been validated under Section 20-109, shall be treated the same as pension credits in this Section in determining an employee's eligibility for, and the duration of disability benefits.

(Source: P.A. 100-556, eff. 12-8-17.)

(40 ILCS 5/15-153) (from Ch. 108 1/2, par. 15-153)

Sec. 15-153. Disability benefits - Amount. The disability benefit shall be the greater of (1) 50% of the basic compensation which would have been paid had the participant continued in service for the entire period during which disability benefits are payable, excluding wage or salary increases subsequent to the date of disability or extra prospective earnings on a summer teaching contract or other extra service not yet entered upon or (2) 50% of the participant's average earnings during the 24 months immediately preceding the month in which disability occurs. In determining the disability benefit, the basic compensation of a participating employee on leave of absence or on lay-off status shall be assumed to be equal to his or her basic compensation on the date the leave of absence or lay-off begins.

If the disability benefit is 50% of basic compensation, payments during the academic year shall accrue over the period that the basic compensation would have been paid had the participant continued in service. If the disability benefit is 50% of the average earnings of the participant during the 24 months immediately preceding the month in which disability occurs, payments during the year shall accrue over a period of 12 months. Disability benefits shall be paid as of the end of each calendar month during which payments accrue. Payments for

fractional parts of a month shall be determined by prorating the total amount payable for the full month on the basis of days elapsing during the month. Any disability benefit accrued but unpaid on the death of a participant shall be paid to the participant's beneficiary.  
(Source: P.A. 93-347, eff. 7-24-03.)

(40 ILCS 5/15-153.1) (from Ch. 108 1/2, par. 15-153.1)

Sec. 15-153.1. Disability benefits - Reduction. (a) If a participant receiving disability benefits under this Article earns compensation from any source for personal or professional services in excess of the amount of the disability benefit, the disability benefit shall be reduced by the excess of the earnings over the benefit.

(b) If a participant receiving disability benefits under this Article receives disability income under an insurance contract financed wholly or partially by the employer, the disability benefit shall be reduced by the amount so received.

(c) In determining the monthly benefits payable under this Article, a deduction shall be made equivalent to any benefits payable to any employee under any State or Federal Worker's Compensation or Occupational Diseases Acts for any period for which disability benefits are payable. However, no deduction shall be made in the case of payment for medical, surgical and hospital services and artificial members or appliances, fixed statutory payments for the loss of any bodily member, or the permanent and complete loss of use of 100% of any bodily member, payments for the loss of industrial vision or redemption awards payable prior to the date monthly disability benefits first become payable. If the benefits deductible under this paragraph are stated as a specified amount per week for a designated calendar period, then the monthly amounts shall, for purposes of this Section, be  $4\frac{1}{3}$  times such weekly amount.

For any calendar month during which the amount of benefits deductible when thus computed on the monthly basis exceeds the amount of the monthly benefit otherwise payable under this Article for that month, no monthly disability benefit shall be payable under this Article. For any calendar month in which the amount of benefits deductible when computed on a monthly basis is less than the monthly disability benefit payable for that month, such lesser amount shall be deducted from the monthly disability benefit payable for that month. Lump sum awards provided for the payment in advance of workers' compensation benefits which are definitely allocable to specific weeks in a calendar period shall be deducted on the same basis as if the award had been payable on a weekly basis.

If such workers' compensation is not allocable to any specific calendar period, including redemption awards payable subsequent to the date monthly disability benefits first become payable, an equivalent monthly amount of such awards shall be computed for the purposes of this Section as  $4\frac{1}{3}$  times the amount of the weekly workers' compensation benefit provided by the applicable statute for the participant and his or her dependents. The total workers' compensation awards shall be divided by such computed equivalent monthly amounts to determine the number of months and fractions of months during which monthly disability benefits shall be reduced.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-153.2) (from Ch. 108 1/2, par. 15-153.2)

Sec. 15-153.2. Disability retirement annuity. A participant whose disability benefits are discontinued under the provisions

of clause (6) of Section 15-152 and who is not a participant in the optional retirement plan established under Section 15-158.2 is entitled to a disability retirement annuity of 35% of the basic compensation which was payable to the participant at the time that disability began, provided that the board determines that the participant has a medically determinable physical or mental impairment that prevents him or her from engaging in any substantial gainful activity, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

The board's determination of whether a participant is disabled shall be based upon:

- (i) a written certificate from one or more licensed and practicing physicians appointed by or acceptable to the board, stating that the participant is unable to engage in any substantial gainful activity; and

- (ii) any other medical examinations, hospital records, laboratory results, or other information necessary for determining the employment capacity and condition of the participant.

The terms "medically determinable physical or mental impairment" and "substantial gainful activity" shall have the meanings ascribed to them in the federal Social Security Act, as now or hereafter amended, and the regulations issued thereunder.

The disability retirement annuity payment period shall begin immediately following the expiration of the disability benefit payments under clause (6) of Section 15-152 and shall be discontinued for a recipient of a disability retirement annuity when (1) the physical or mental impairment no longer prevents the recipient from engaging in any substantial gainful activity, (2) the recipient dies, (3) the recipient elects to receive a retirement annuity under Sections 15-135 and 15-136, (4) the recipient refuses to submit to a reasonable physical examination by a physician approved by the board, or (5) the recipient fails to provide an earnings verification necessary to determine continuance of benefits. If a person's disability retirement annuity is discontinued under clause (1), all rights and credits accrued in the system on the date that the disability retirement annuity began shall be restored, and the disability retirement annuity paid shall be considered as disability payments under clause (6) of Section 15-152.

The board shall adopt rules governing the filing, investigation, control, and supervision of disability retirement annuity claims. Costs incurred by a claimant in connection with completing a claim for a disability retirement annuity shall be paid: (A) by the claimant in the case of the one required medical examination, medical certificate, and any other requirements generally imposed by the board on all disability retirement annuity claimants; and (B) by the System in the case of any additional medical examination or other additional requirement imposed on a particular claimant that is not imposed generally on all disability retirement annuity claimants.

(Source: P.A. 100-556, eff. 12-8-17.)

(40 ILCS 5/15-153.3) (from Ch. 108 1/2, par. 15-153.3)

Sec. 15-153.3. Automatic increase in disability benefit. Each disability benefit payable under Section 15-150 and calculated under Section 15-153 or 15-153.2 that has not yet received an initial increase under this Section shall be increased by 0.25% of the monthly disability benefit multiplied by the number of full months that have elapsed since the benefit began on January 1, 2002 or the January 1 next following the granting of the benefit, whichever occurs later.

On each January 1 following the initial increase under this

Section, the disability benefit shall be increased by 3% of the current amount of the benefit, including prior increases under this Article.

The changes made to this Section by this amendatory Act of the 92nd General Assembly apply without regard to whether the benefit recipient was in service on or after the effective date of this amendatory Act.

(Source: P.A. 92-749, eff. 8-2-02.)

(40 ILCS 5/15-154) (from Ch. 108 1/2, par. 15-154)  
Sec. 15-154. Refunds.

(a) A participant whose status as an employee is terminated, regardless of cause, or who has been on lay off status for more than 120 days, and who is not on leave of absence, is entitled to a refund of contributions upon application; except that not more than one such refund application may be made during any academic year.

Except as set forth in subsections (a-1) and (a-2), the refund shall be the sum of the accumulated normal, additional, and survivors insurance contributions, plus the entire contribution made by the participant under Section 15-113.3, less the amount of interest credited on these contributions each year in excess of 4 1/2% of the amount on which interest was calculated.

(a-1) A person who elects, in accordance with the requirements of Section 15-134.5, to participate in the portable benefit package and who becomes a participating employee under that retirement program upon the conclusion of the one-year waiting period applicable to the portable benefit package election shall have his or her refund calculated in accordance with the provisions of subsection (a-2).

(a-2) The refund payable to a participant described in subsection (a-1) shall be the sum of the participant's accumulated normal and additional contributions, as defined in Sections 15-116 and 15-117, plus the entire contribution made by the participant under Section 15-113.3. If the participant terminates with 5 or more years of service for employment as defined in Section 15-113.1, he or she shall also be entitled to a distribution of employer contributions in an amount equal to the sum of the accumulated normal and additional contributions, as defined in Sections 15-116 and 15-117.

(b) Upon acceptance of a refund, the participant forfeits all accrued rights and credits in the System, and if subsequently reemployed, the participant shall be considered a new employee subject to all the qualifying conditions for participation and eligibility for benefits applicable to new employees. If such person again becomes a participating employee and continues as such for 2 years, or is employed by an employer and participates for at least 2 years in the Federal Civil Service Retirement System, all such rights, credits, and previous status as a participant shall be restored upon repayment of the amount of the refund, together with compound interest thereon from the date the refund was issued to the date of repayment at the rate of 6% per annum through August 31, 1982, and at the effective rates after that date. When a participant in the portable benefit package who received a refund which included a distribution of employer contributions repays a refund pursuant to this Section, one-half of the amount repaid shall be deemed the member's reinstated accumulated normal and additional contributions and the other half shall be allocated as an employer contribution to the System, except that any amount repaid for previously purchased military service credit under Section 15-113.3 shall be accounted for as such.

(c) Except as otherwise provided under subsection (c-5), if

a participant covered under the traditional benefit package has made survivors insurance contributions, but has no survivors insurance beneficiary upon retirement, he or she shall be entitled to elect a refund of the accumulated survivors insurance contributions, or to elect an additional annuity the value of which is equal to the accumulated survivors insurance contributions. This election must be made prior to the date the person's retirement annuity is approved by the System.

(c-5) Notwithstanding subsection (c), an annuitant who retired prior to June 1, 2011 and made the election under subsection (c), and who thereafter became, and remains, either:

(1) a party to a civil union or a party to a legal relationship that is recognized as a civil union or marriage under the Illinois Religious Freedom Protection and Civil Union Act on or after June 1, 2011; or

(2) a party to a marriage under the Illinois Marriage and Dissolution of Marriage Act on or after February 26, 2014; or

(3) a party to a marriage, civil union or other legal relationship that, at the time it was formed, was not legally recognized in Illinois but was subsequently recognized as a civil union or marriage under the Illinois Religious Freedom Protection and Civil Union Act on or after June 1, 2011, a marriage under the Illinois Marriage and Dissolution of Marriage Act on or after February 26, 2014, or both;

may make a one-time, irrevocable election to repay the refund or additional annuity payments received under subsection (c), together with compound interest thereon at the actuarially assumed rate of return from the date the refund was issued or the date each additional annuity payment was issued to the date of repayment. The annuitant shall submit proof of party status for item (1), (2), or (3) in the form of a valid marriage certificate or a civil union certificate with any additional requirements the Board prescribes by rulemaking. The election must be received by the System (i) within a period of one year beginning 5 months after the effective date of this amendatory Act of the 99th General Assembly and (ii) prior to the date of death of the annuitant.

To the extent permitted under the Internal Revenue Code of 1986, as amended, the full repayment shall be made within a period beginning on the date of the election and ending on the earlier of the 24th month thereafter or the date of the annuitant's death. If an annuitant fails to make the repayment within the required period, any payments made shall be returned, without interest, to the annuitant (or to the annuitant's estate if the payments ceased due to death), and survivors insurance benefits under Section 15-145 shall not be payable upon the annuitant's death.

Upon such repayment, all forfeited survivors insurance benefit rights and credits under Section 15-145 shall be restored. This repayment right shall not alter or modify any eligibility requirement for survivors insurance beneficiaries under this Article applicable upon the annuitant's death. The repayment shall be irrevocable. No person shall have a claim or right to the repaid amounts in a manner not otherwise provided for under this Article in the event that: the marriage, civil union, or other legal relationship described in this subsection is dissolved, annulled, or declared invalid by a court of competent jurisdiction; or the other party to the marriage, civil union, or other legal relationship predeceases the annuitant or otherwise fails to qualify as a survivors insurance beneficiary upon the annuitant's death.

For purposes of this subsection (c-5), the term "annuitant" shall include an annuitant who resumed his or her status as a



participating employee under Section 15-139(c).

(d) A participant, upon application, is entitled to a refund of his or her accumulated additional contributions attributable to the additional contributions described in the last sentence of subsection (c) of Section 15-157. Upon the acceptance of such a refund of accumulated additional contributions, the participant forfeits all rights and credits which may have accrued because of such contributions.

(e) A participant who terminates his or her employee status and elects to waive service credit under Section 15-154.2, is entitled to a refund of the accumulated normal, additional and survivors insurance contributions, if any, which were credited the participant for this service, or to an additional annuity the value of which is equal to the accumulated normal, additional and survivors insurance contributions, if any; except that not more than one such refund application may be made during any academic year. Upon acceptance of this refund, the participant forfeits all rights and credits accrued because of this service.

(f) If a police officer or firefighter receives a retirement annuity under Rule 1 or 3 of Section 15-136, he or she shall be entitled at retirement to a refund of the difference between his or her accumulated normal contributions and the normal contributions which would have accumulated had such person filed a waiver of the retirement formula provided by Rule 4 of Section 15-136.

(g) If, at the time of retirement, a participant would be entitled to a retirement annuity under Rule 1, 2, 3, 4, or 5 of Section 15-136, or under Section 15-136.4, that exceeds the maximum specified in clause (1) of subsection (c) of Section 15-136, he or she shall be entitled to a refund of the employee contributions, if any, paid under Section 15-157 after the date upon which continuance of such contributions would have otherwise caused the retirement annuity to exceed this maximum, plus compound interest at the effective rates.

(Source: P.A. 99-450, eff. 8-24-15; 99-682, eff. 7-29-16.)

(40 ILCS 5/15-154.1) (from Ch. 108 1/2, par. 15-154.1)

Sec. 15-154.1. Maximum benefits. The combined retirement annuity, survivors insurance, death benefits, or disability benefits under this system and any other system which is, has been, or may be financed fully or in part by contributions from any alumni association, foundation or athletic association affiliated with the universities included as employers, shall not exceed the largest benefit which could be payable by this system or such other system based upon the participant's combined service and earnings credits.

If the combined benefits exceed the largest benefit as determined in accordance with this Section, the benefits payable by this system shall be reduced to that amount which, when added to the benefits payable under such other system, equals this largest benefit.

If benefits are reduced, this system shall pay to the alumni association, foundation or athletic association which financed such other system, that fraction of the reduction, the numerator of which is the amount of the benefits payable by the other system prior to the adjustment and the denominator of which is the amount of the combined benefits which would have been payable prior to the adjustment. In determining the adjustment of the survivors insurance or death benefit made under this Section, the benefits payable under this system and the other systems shall be reduced to common actuarial equivalents in accordance with the mortality, interest, and annuity tables adopted by the board and the method of payment required by this

Article.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-154.2) (from Ch. 108 1/2, par. 15-154.2)

Sec. 15-154.2. Waiver of service and benefits. A participant or annuitant may elect to waive all or any portion of his or her service credit and benefits which may be payable under this Article; however, service purchased under the provisions of subsection (c) of Section 15-113.1, subsections (b), (c) and (d) of Section 15-113.5, Section 15-113.6, and Section 15-113.7 must be waived before other service which is granted under this Article.

(Source: P.A. 83-1440.)

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

(Text of Section from P.A. 101-10)

Sec. 15-155. Employer contributions.

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

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

(a-1) For State fiscal years 2012 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a level percentage of payroll over the years remaining to and including fiscal year 2045 and shall be determined under the projected unit credit actuarial cost method.

For each of State fiscal years 2018, 2019, and 2020, the State shall make an additional contribution to the System equal to 2% of the total payroll of each employee who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161.

A change in an actuarial or investment assumption that increases or decreases the required State contribution and first applies in State fiscal year 2018 or thereafter shall be implemented in equal annual amounts over a 5-year period beginning in the State fiscal year in which the actuarial change first applies to the required State contribution.

A change in an actuarial or investment assumption that increases or decreases the required State contribution and first applied to the State contribution in fiscal year 2014, 2015, 2016, or 2017 shall be implemented:

(i) as already applied in State fiscal years before 2018; and

(ii) in the portion of the 5-year period beginning in the State fiscal year in which the actuarial change first applied that occurs in State fiscal year 2018 or thereafter, by calculating the change in equal annual amounts over that 5-year period and then implementing it at the resulting annual rate in each of the remaining fiscal years in that

5-year period.

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

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

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

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

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

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

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 15-165, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as

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

(a-2) Beginning in fiscal year 2018, each employer under this Article shall pay to the System a required contribution determined as a percentage of projected payroll and sufficient to produce an annual amount equal to:

(i) for each of fiscal years 2018, 2019, and 2020, the defined benefit normal cost of the defined benefit plan, less the employee contribution, for each employee of that employer who has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161; for fiscal year 2021 and each fiscal year thereafter, the defined benefit normal cost of the defined benefit plan, less the employee contribution, plus 2%, for each employee of that employer who has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161; plus

(ii) the amount required for that fiscal year to amortize any unfunded actuarial accrued liability associated with the present value of liabilities attributable to the employer's account under Section 15-155.2, determined as a level percentage of payroll over a 30-year rolling amortization period.

In determining contributions required under item (i) of this subsection, the System shall determine an aggregate rate for all employers, expressed as a percentage of projected payroll.

In determining the contributions required under item (ii) of this subsection, the amount shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation.

The contributions required under this subsection (a-2) shall be paid by an employer concurrently with that employer's payroll payment period. The State, as the actual employer of an employee, shall make the required contributions under this subsection.

As used in this subsection, "academic year" means the 12-month period beginning September 1.

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

(b-1) The City of Urbana and the City of Champaign shall

each make employer contributions to this System for their respective firefighter employees who participate in this System pursuant to subsection (h) of Section 15-107. The rate of contributions to be made by those municipalities shall be determined annually by the Board on the basis of the actuarial assumptions adopted by the Board and the recommendations of the actuary, and shall be expressed as a percentage of salary for each such employee. The Board shall certify the rate to the affected municipalities as soon as may be practical. The employer contributions required under this subsection shall be remitted by the municipality to the System at the same time and in the same manner as employee contributions.

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

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

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

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

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

Whenever it determines that a payment is or may be required under this subsection (g), the System shall calculate the amount of the payment and bill the employer for that amount. The bill shall specify the calculations used to determine the amount due. If the employer disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to the System in writing for a recalculation. The application must specify in detail the grounds of the dispute and, if the employer asserts that the calculation is subject to subsection (h) or (i) of this Section, must include an affidavit setting forth and attesting to all facts within the employer's knowledge that are pertinent

to the applicability of that subsection. Upon receiving a timely application for recalculation, the System shall review the application and, if appropriate, recalculate the amount due.

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

When assessing payment for any amount due under this subsection (g), the System shall include earnings, to the extent not established by a participant under Section 15-113.11 or 15-113.12, that would have been paid to the participant had the participant not taken (i) periods of voluntary or involuntary furlough occurring on or after July 1, 2015 and on or before June 30, 2017 or (ii) periods of voluntary pay reduction in lieu of furlough occurring on or after July 1, 2015 and on or before June 30, 2017. Determining earnings that would have been paid to a participant had the participant not taken periods of voluntary or involuntary furlough or periods of voluntary pay reduction shall be the responsibility of the employer, and shall be reported in a manner prescribed by the System.

This subsection (g) does not apply to (1) Tier 2 hybrid plan members and (2) Tier 2 defined benefit members who first participate under this Article on or after the implementation date of the Optional Hybrid Plan.

(g-1) (Blank).

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

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

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

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

When assessing payment for any amount due under subsection (g), the System shall exclude any earnings increase resulting from (i) a promotion for which the employee moves from one classification to a higher classification under the State Universities Civil Service System, (ii) a promotion in academic rank for a tenured or tenure-track faculty position, or (iii) a promotion that the Illinois Community College Board has recommended in accordance with subsection (k) of this Section. These earnings increases shall be excluded only if the promotion

is to a position that has existed and been filled by a member for no less than one complete academic year and the earnings increase as a result of the promotion is an increase that results in an amount no greater than the average salary paid for other similar positions.

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

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

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

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

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

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

(j-5) For State fiscal years beginning on or after July 1, 2017, if the amount of a participant's earnings for any State fiscal year exceeds the amount of the salary set by law for the Governor that is in effect on July 1 of that fiscal year, the participant's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, an amount determined by the System to be equal to the employer normal cost, as established by the System and expressed as a total percentage of payroll, multiplied by the amount of earnings in excess of the amount of the salary set by law for the Governor. This amount shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. The System may require the employer to provide any pertinent information or documentation.

Whenever it determines that a payment is or may be required under this subsection, the System shall calculate the amount of the payment and bill the employer for that amount. The bill shall specify the calculation used to determine the amount due. If the employer disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to the System in writing for a recalculation. The application must specify in detail the grounds of the dispute. Upon receiving a timely application for recalculation, the System shall review the application and, if appropriate, recalculate the amount due.

The employer contributions required under this subsection may be paid in the form of a lump sum within 90 days after issuance of the bill. If the employer contributions are not paid within 90 days after issuance of the bill, then interest will be charged at a rate equal to the System's annual actuarially assumed rate of return on investment compounded annually from the 91st day after issuance of the bill. All payments must be received within 3 years after issuance of the bill. If the employer fails to make complete payment, including applicable

interest, within 3 years, then the System may, after giving notice to the employer, certify the delinquent amount to the State Comptroller, and the Comptroller shall thereupon deduct the certified delinquent amount from State funds payable to the employer and pay them instead to the System.

This subsection (j-5) does not apply to a participant's earnings to the extent an employer pays the employer normal cost of such earnings.

The changes made to this subsection (j-5) by Public Act 100-624 are intended to apply retroactively to July 6, 2017 (the effective date of Public Act 100-23).

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

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

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

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

(Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18; 100-624, eff. 7-20-18; 101-10, eff. 6-5-19.)

(Text of Section from P.A. 101-81)

Sec. 15-155. Employer contributions.

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

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

(a-1) For State fiscal years 2012 through 2045, the minimum contribution to the System to be made by the State for each fiscal year shall be an amount determined by the System to be sufficient to bring the total assets of the System up to 90% of the total actuarial liabilities of the System by the end of State fiscal year 2045. In making these determinations, the required State contribution shall be calculated each year as a



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

For each of State fiscal years 2018, 2019, and 2020, the State shall make an additional contribution to the System equal to 2% of the total payroll of each employee who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161.

A change in an actuarial or investment assumption that increases or decreases the required State contribution and first applies in State fiscal year 2018 or thereafter shall be implemented in equal annual amounts over a 5-year period beginning in the State fiscal year in which the actuarial change first applies to the required State contribution.

A change in an actuarial or investment assumption that increases or decreases the required State contribution and first applied to the State contribution in fiscal year 2014, 2015, 2016, or 2017 shall be implemented:

(i) as already applied in State fiscal years before 2018; and

(ii) in the portion of the 5-year period beginning in the State fiscal year in which the actuarial change first applied that occurs in State fiscal year 2018 or thereafter, by calculating the change in equal annual amounts over that 5-year period and then implementing it at the resulting annual rate in each of the remaining fiscal years in that 5-year period.

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

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

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

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

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

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

Beginning in State fiscal year 2046, the minimum State

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

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

Notwithstanding any other provision of this Section, the required State contribution for State fiscal year 2005 and for fiscal year 2008 and each fiscal year thereafter, as calculated under this Section and certified under Section 15-165, shall not exceed an amount equal to (i) the amount of the required State contribution that would have been calculated under this Section for that fiscal year if the System had not received any payments under subsection (d) of Section 7.2 of the General Obligation Bond Act, minus (ii) the portion of the State's total debt service payments for that fiscal year on the bonds issued in fiscal year 2003 for the purposes of that Section 7.2, as determined and certified by the Comptroller, that is the same as the System's portion of the total moneys distributed under subsection (d) of Section 7.2 of the General Obligation Bond Act. In determining this maximum for State fiscal years 2008 through 2010, however, the amount referred to in item (i) shall be increased, as a percentage of the applicable employee payroll, in equal increments calculated from the sum of the required State contribution for State fiscal year 2007 plus the applicable portion of the State's total debt service payments for fiscal year 2007 on the bonds issued in fiscal year 2003 for the purposes of Section 7.2 of the General Obligation Bond Act, so that, by State fiscal year 2011, the State is contributing at the rate otherwise required under this Section.

(a-2) Beginning in fiscal year 2018, each employer under this Article shall pay to the System a required contribution determined as a percentage of projected payroll and sufficient to produce an annual amount equal to:

(i) for each of fiscal years 2018, 2019, and 2020, the defined benefit normal cost of the defined benefit plan, less the employee contribution, for each employee of that employer who has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161; for fiscal year 2021 and each fiscal year thereafter, the defined benefit normal cost of the defined benefit plan, less the employee contribution, plus 2%, for each employee of that employer who has elected or who is deemed to have elected the benefits under Section 1-161 or who has made the election under subsection (c) of Section 1-161; plus

(ii) the amount required for that fiscal year to amortize any unfunded actuarial accrued liability associated with the present value of liabilities attributable to the employer's account under Section 15-155.2, determined as a level percentage of payroll over a 30-year rolling amortization period.

In determining contributions required under item (i) of this subsection, the System shall determine an aggregate rate for all employers, expressed as a percentage of projected payroll.

In determining the contributions required under item (ii) of



(g) For academic years beginning on or after June 1, 2005 and before July 1, 2018 and for earnings paid to a participant under a contract or collective bargaining agreement entered into, amended, or renewed before June 4, 2018 (the effective date of Public Act 100-587), if the amount of a participant's earnings for any academic year used to determine the final rate of earnings, determined on a full-time equivalent basis, exceeds the amount of his or her earnings with the same employer for the previous academic year, determined on a full-time equivalent basis, by more than 6%, the participant's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, the present value of the increase in benefits resulting from the portion of the increase in earnings that is in excess of 6%. This present value shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. The System may require the employer to provide any pertinent information or documentation.

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

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

When assessing payment for any amount due under this subsection (g), the System shall include earnings, to the extent not established by a participant under Section 15-113.11 or 15-113.12, that would have been paid to the participant had the participant not taken (i) periods of voluntary or involuntary furlough occurring on or after July 1, 2015 and on or before June 30, 2017 or (ii) periods of voluntary pay reduction in lieu of furlough occurring on or after July 1, 2015 and on or before June 30, 2017. Determining earnings that would have been paid to a participant had the participant not taken periods of voluntary or involuntary furlough or periods of voluntary pay reduction shall be the responsibility of the employer, and shall be reported in a manner prescribed by the System.

This subsection (g) does not apply to (1) Tier 2 hybrid plan members and (2) Tier 2 defined benefit members who first participate under this Article on or after the implementation date of the Optional Hybrid Plan.

(g-1) For academic years beginning on or after July 1, 2018 and for earnings paid to a participant under a contract or collective bargaining agreement entered into, amended, or renewed on or after June 4, 2018 (the effective date of Public

Act 100-587), if the amount of a participant's earnings for any academic year used to determine the final rate of earnings, determined on a full-time equivalent basis, exceeds the amount of his or her earnings with the same employer for the previous academic year, determined on a full-time equivalent basis, by more than 3%, then the participant's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, the present value of the increase in benefits resulting from the portion of the increase in earnings that is in excess of 3%. This present value shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. The System may require the employer to provide any pertinent information or documentation.

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

The employer contributions required under this subsection (g-1) may be paid in the form of a lump sum within 90 days after receipt of the bill. If the employer contributions are not paid within 90 days after receipt of the bill, then interest shall be charged at a rate equal to the System's annual actuarially assumed rate of return on investment compounded annually from the 91st day after receipt of the bill. Payments must be concluded within 3 years after the employer's receipt of the bill.

This subsection (g-1) does not apply to (1) Tier 2 hybrid plan members and (2) Tier 2 defined benefit members who first participate under this Article on or after the implementation date of the Optional Hybrid Plan.

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

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

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

When assessing payment for any amount due under subsection (g), the System shall exclude earnings increases resulting from overload work, including a contract for summer teaching, or overtime when the employer has certified to the System, and the System has approved the certification, that: (i) in the case of overloads (A) the overload work is for the sole purpose of academic instruction in excess of the standard number of instruction hours for a full-time employee occurring during the academic year that the overload is paid and (B) the earnings increases are equal to or less than the rate of pay for academic

instruction computed using the participant's current salary rate and work schedule; and (ii) in the case of overtime, the overtime was necessary for the educational mission.

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

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

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

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

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

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

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

(j-5) For State fiscal years beginning on or after July 1, 2017, if the amount of a participant's earnings for any State fiscal year exceeds the amount of the salary set by law for the Governor that is in effect on July 1 of that fiscal year, the participant's employer shall pay to the System, in addition to all other payments required under this Section and in accordance with guidelines established by the System, an amount determined by the System to be equal to the employer normal cost, as established by the System and expressed as a total percentage of payroll, multiplied by the amount of earnings in excess of the amount of the salary set by law for the Governor. This amount shall be computed by the System on the basis of the actuarial assumptions and tables used in the most recent actuarial valuation of the System that is available at the time of the computation. The System may require the employer to provide any pertinent information or documentation.

Whenever it determines that a payment is or may be required under this subsection, the System shall calculate the amount of the payment and bill the employer for that amount. The bill shall specify the calculation used to determine the amount due. If the employer disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to the System in writing for a recalculation. The application must specify in

detail the grounds of the dispute. Upon receiving a timely application for recalculation, the System shall review the application and, if appropriate, recalculate the amount due.

The employer contributions required under this subsection may be paid in the form of a lump sum within 90 days after issuance of the bill. If the employer contributions are not paid within 90 days after issuance of the bill, then interest will be charged at a rate equal to the System's annual actuarially assumed rate of return on investment compounded annually from the 91st day after issuance of the bill. All payments must be received within 3 years after issuance of the bill. If the employer fails to make complete payment, including applicable interest, within 3 years, then the System may, after giving notice to the employer, certify the delinquent amount to the State Comptroller, and the Comptroller shall thereupon deduct the certified delinquent amount from State funds payable to the employer and pay them instead to the System.

This subsection (j-5) does not apply to a participant's earnings to the extent an employer pays the employer normal cost of such earnings.

The changes made to this subsection (j-5) by Public Act 100-624 are intended to apply retroactively to July 6, 2017 (the effective date of Public Act 100-23).

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

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

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

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

(Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18; 100-624, eff. 7-20-18; 101-81, eff. 7-12-19.)

(40 ILCS 5/15-155.1)

Sec. 15-155.1. Actions to enforce payments by employers.

(a) Except as otherwise specified, if any employer fails to transmit to the System contributions required of it under this Article or contributions collected by it from its participating employees for the purposes of this Article for more than 120 days after the payment of those contributions is due, the Board, after giving notice to that employer, may certify to the State

Comptroller the amounts of such delinquent payments in accordance with any applicable rules of the Comptroller, and the Comptroller shall deduct the amounts so certified or any part thereof from any payments of State funds to the employer involved and shall remit the amount so deducted to the System. If State funds from which such deductions may be made are not available or if deductions are delayed for longer than 120 days after the date of the certification to the Comptroller, the Board may proceed against the employer to recover the amounts of such delinquent payments in the appropriate circuit court.

(b) Except as otherwise specified, if any employer that is a community college district fails to transmit to the System contributions required of it under this Article or contributions collected by it from its participating employees for the purposes of this Article for more than 120 days after the payment of those contributions is due, the Board, after giving notice to that employer, may certify the fact of such delinquent payment to the county treasurer of the county in which that employer is located, who shall thereafter remit the amounts collected from any taxes levied by the employer directly to the System. If the funds from which such remittances may be made are not available or if the remittances are delayed for longer than 120 days after the date of the certification to the county treasurer, the Board may proceed against the employer to recover the amounts of such delinquent payments in the appropriate circuit court.

(c) Nothing in this Section prohibits the Board from proceeding against an employer to recover the amounts of any delinquent payments in the appropriate circuit court.  
(Source: P.A. 100-988, eff. 8-20-18.)

(40 ILCS 5/15-155.2)

Sec. 15-155.2. Individual employer accounts.

(a) The System shall create and maintain an individual account for each employer for the purposes of determining employer contributions under subsection (a-2) of Section 15-155. Each employer's account shall be notionally charged with the liabilities attributable to that employer and credited with the assets attributable to that employer.

(b) Beginning with fiscal year 2018, the System shall assign notional liabilities to each employer's account, equal to the amount of employer contributions required to be made by the employer pursuant to items (i) and (ii) of subsection (a-2) of Section 15-155, plus any unfunded actuarial accrued liability associated with the defined benefits attributable to the employer's employees who first became participants on or after the implementation date and the employer's employees who made the election under subsection (c-5) of Section 1-161.

(c) Beginning with fiscal year 2018, the System shall assign notional assets to each employer's account equal to the amounts of employer contributions made pursuant to items (i) and (ii) of subsection (a-2) of Section 15-155.  
(Source: P.A. 100-23, eff. 7-6-17.)

(40 ILCS 5/15-156) (from Ch. 108 1/2, par. 15-156)

(Text of Section WITH the changes made by P.A. 98-599, which has been held unconstitutional)

Sec. 15-156. Obligations of State; funding guarantees.

(a) The payment of (1) the required State contributions, (2) all benefits granted under this system and (3) all expenses in connection with the administration and operation thereof are obligations of the State of Illinois to the extent specified in this Article. The accumulated employee normal, additional and



survivors insurance contributions credited to the accounts of active and inactive participants shall not be used to pay the State's share of the obligations.

(b) Beginning July 1, 2014, the State shall be obligated to contribute to the System in each State fiscal year an amount not less than the sum of (i) the State's normal cost for the year and (ii) the portion of the unfunded accrued liability assigned to that year by law. Notwithstanding any other provision of law, if the State fails to pay an amount required under this subsection, it shall be the obligation of the Board to seek payment of the required amount in compliance with the provisions of this Section and, if the amount remains unpaid, to bring a mandamus action in the Supreme Court of Illinois to compel the State to make the required payment.

If the System submits a voucher for contributions required under Section 15-155 and the State fails to pay that voucher within 90 days of its receipt, the Board shall submit a written request to the Comptroller seeking payment. A copy of the request shall be filed with the Secretary of State, and the Secretary of State shall provide a copy to the Governor and General Assembly. No earlier than the 16th day after the System files the request with the Comptroller and Secretary of State, if the amount remains unpaid the Board shall commence a mandamus action in the Supreme Court of Illinois to compel the Comptroller to satisfy the voucher.

This subsection (b) constitutes an express waiver of the State's sovereign immunity solely to the extent that it permits the Board to commence a mandamus action in the Supreme Court of Illinois to compel the Comptroller to pay a voucher for the contributions required under Section 15-155.

(c) Beginning in State fiscal year 2016, the State shall be obligated to make the transfers set forth in subsections (c-5) and (c-10) of Section 20 of the Budget Stabilization Act and to pay to the System its proportionate share of the transferred amounts in accordance with Section 25 of the Budget Stabilization Act. Notwithstanding any other provision of law, if the State fails to transfer an amount required under this subsection or to pay to the System its proportionate share of the transferred amount in accordance with Section 25 of the Budget Stabilization Act, it shall be the obligation of the Board to seek transfer or payment of the required amount in compliance with the provisions of this Section and, if the required amount remains untransferred or the required payment remains unpaid, to bring a mandamus action in the Supreme Court of Illinois to compel the State to make the required transfer or payment or both, as the case may be.

If the State fails to make a transfer required under subsection (c-5) or (c-10) of Section 20 of the Budget Stabilization Act or a payment to the System required under Section 25 of that Act, the Board shall submit a written request to the Comptroller seeking payment. A copy of the request shall be filed with the Secretary of State, and the Secretary of State shall provide a copy to the Governor and General Assembly. No earlier than the 16th day after the System files the request with the Comptroller and Secretary of State, if the required amount remains untransferred or the required payment remains unpaid, the Board shall commence a mandamus action in the Supreme Court of Illinois to compel the Comptroller to make the required transfer or payment or both, as the case may be.

This subsection (c) constitutes an express waiver of the State's sovereign immunity solely to the extent that it permits the Board to commence a mandamus action in the Supreme Court of Illinois to compel the Comptroller to make a transfer required under subsection (c-5) or (c-10) of Section 20 of the Budget Stabilization Act and to pay to the System its proportionate

share of the transferred amount in accordance with Section 25 of the Budget Stabilization Act.

The obligations created by this subsection (c) expire when all of the requirements of subsections (c-5) and (c-10) of Section 20 of the Budget Stabilization Act and Section 25 of the Budget Stabilization Act have been met.

(d) Any payments and transfers required to be made by the State pursuant to subsection (b) or (c) are expressly subordinate to the payment of the principal, interest, and premium, if any, on any bonded debt obligation of the State or any other State-created entity, either currently outstanding or to be issued, for which the source of repayment or security thereon is derived directly or indirectly from tax revenues collected by the State or any other State-created entity. Payments on such bonded obligations include any statutory fund transfers or other prefunding mechanisms or formulas set forth, now or hereafter, in State law or bond indentures, into debt service funds or accounts of the State related to such bond obligations, consistent with the payment schedules associated with such obligations.

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

(Text of Section WITHOUT the changes made by P.A. 98-599, which has been held unconstitutional)

Sec. 15-156. Obligations of State. The payment of (1) the required State contributions, (2) all benefits granted under this system and (3) all expenses in connection with the administration and operation thereof are obligations of the State of Illinois to the extent specified in this Article. The accumulated employee normal, additional and survivors insurance contributions credited to the accounts of active and inactive participants shall not be used to pay the State's share of the obligations.

(Source: P.A. 83-1440.)

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

Sec. 15-157. Employee Contributions.

(a) Each participating employee shall make contributions towards the retirement benefits payable under the retirement program applicable to the employee from each payment of earnings applicable to employment under this system on and after the date of becoming a participant as follows: Prior to September 1, 1949, 3 1/2% of earnings; from September 1, 1949 to August 31, 1955, 5%; from September 1, 1955 to August 31, 1969, 6%; from September 1, 1969, 6 1/2%. These contributions are to be considered as normal contributions for purposes of this Article.

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

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

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

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

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

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

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

(g) A participant may make contributions for the purchase of service credit under this Article; however, only a participating employee may make optional contributions under subsection (b) of Section 15-157.1 of this Article.

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

(Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15.)

(40 ILCS 5/15-157.1) (from Ch. 108 1/2, par. 15-157.1)  
Sec. 15-157.1. Pickup of employee contributions.

(a) Each employer shall pick up the employee contributions required under subsections (a), (b), and (c) of Section 15-157 for all earnings payments made on and after January 1, 1981, and the contributions so picked up shall be treated as employer

contributions in determining tax treatment under the United States Internal Revenue Code. These contributions shall not be included as gross income of the participant until such time as they are distributed or made available. The employer shall pay these employee contributions from the same source of funds which is used in paying earnings to the employee. The employer may pick up these contributions by a reduction in the cash salary of the participants, or by an offset against a future salary increase, or by a combination of a reduction in salary and offset against a future salary increase.

(b) Subject to the requirements of federal law, a participating employee may elect to have the employer pick up optional contributions that the participant has elected to pay to the System under Section 15-157(g), and the contributions so picked up shall be treated as employer contributions for the purposes of determining federal tax treatment under the federal Internal Revenue Code of 1986. These contributions shall not be included as gross income of the participant until such time as they are distributed or made available. The employer shall pick up the contributions by a reduction in the cash salary of the participant and shall pay the contributions from the same source of funds that is used to pay earnings to the participant. The election to have optional contributions picked up is irrevocable.

(Source: P.A. 90-32, eff. 6-27-97; 90-448, eff. 8-16-97.)

(40 ILCS 5/15-157.5)

(This Section was added by P.A. 98-599, which has been held unconstitutional)

Sec. 15-157.5. Use of contributions for health care subsidies. The System shall not use any contribution received by the System under this Article to provide a subsidy for the cost of participation in a retiree health care program.

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

(40 ILCS 5/15-158.1) (from Ch. 108 1/2, par. 15-158.1)

Sec. 15-158.1. (Repealed).

(Source: P.A. 87-1265. Repealed by P.A. 91-887, eff. 7-6-00.)

(40 ILCS 5/15-158.2)

Sec. 15-158.2. Self-managed plan.

(a) Purpose. The General Assembly finds that it is important for colleges and universities to be able to attract and retain the most qualified employees and that in order to attract and retain these employees, colleges and universities should have the flexibility to provide a defined contribution plan as an alternative for eligible employees who elect not to participate in a defined benefit retirement program provided under this Article. Accordingly, the State Universities Retirement System is hereby authorized to establish and administer a self-managed plan, which shall offer participating employees the opportunity to accumulate assets for retirement through a combination of employee and employer contributions that may be invested in mutual funds, collective investment funds, or other investment products and used to purchase annuity contracts, either fixed or variable or a combination thereof. The plan must be qualified under the Internal Revenue Code of 1986.

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

## Section 15-134.5.

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

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

- (1) the nature and extent of the benefits that would be provided to the participants;
- (2) the reasonableness of the benefits in relation to the premium charged;
- (3) the suitability of the benefits to the needs and interests of the participating employees and the employer;
- (4) the ability of the company to provide benefits under the contract and the financial stability of the company; and
- (5) the efficacy of the contract in the recruitment and retention of employees.

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

(d) Employee Direction. Employees who are participating in the program must be allowed to direct the transfer of their account balances among the various investment options offered, subject to applicable contractual provisions. The participant shall not be deemed a fiduciary by reason of providing such investment direction. A person who is a fiduciary shall not be liable for any loss resulting from such investment direction and shall not be deemed to have breached any fiduciary duty by acting in accordance with that direction. The System shall provide advance notice to the participant of the participant's obligation to direct the investment of employee and employer contributions into one or more investment funds selected by the System at the time he or she makes his or her initial retirement plan selection. If a participant fails to direct the investment of employee and employer contributions into the various investment options offered to the participant when making his or her initial retirement election choice, that failure shall require the System to invest the employee and employer contributions in a default investment fund on behalf of the participant, and the investment shall be deemed to have been made at the participant's investment direction. The participant has the right to transfer account balances out of the default investment fund during time periods designated by the System. Neither the System nor the employer guarantees any of the investments in the employee's account balances.

(e) Participation. An employee eligible to participate in the self-managed plan must make a written election in accordance with the provisions of Section 15-134.5 and the procedures

established by the System. Participation in the self-managed plan by an electing employee shall begin on the first day of the first pay period following the later of the date the employee's election is filed with the System or the effective date as of which the employee's employer begins to offer participation in the self-managed plan. Employers may not make the self-managed plan available earlier than January 1, 1998. An employee's participation in any other retirement program administered by the System under this Article shall terminate on the date that participation in the self-managed plan begins.

An employee who has elected to participate in the self-managed plan under this Section must continue participation while employed in an eligible position, and may not participate in any other retirement program administered by the System under this Article while employed by that employer or any other employer that has adopted the self-managed plan, unless the self-managed plan is terminated in accordance with subsection (i).

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

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

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

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

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

(h) Contributions. The self-managed plan shall be funded by contributions from employees participating in the self-managed plan and employer contributions as provided in this Section.

The contribution rate for employees participating in the self-managed plan under this Section shall be equal to the employee contribution rate for other participants in the System, as provided in Section 15-157. This required contribution shall be made as an "employer pick-up" under Section 414(h) of the Internal Revenue Code of 1986 or any successor Section thereof. Any employee participating in the System's traditional benefit package prior to his or her election to participate in the self-managed plan shall continue to have the employer pick up the contributions required under Section 15-157. However, the amounts picked up after the election of the self-managed plan shall be remitted to and treated as assets of the self-managed plan. In no event shall an employee have an option of receiving these amounts in cash. Employees may make additional contributions to the self-managed plan in accordance with

procedures prescribed by the System, to the extent permitted under rules prescribed by the System.

The program shall provide for employer contributions to be credited to each self-managed plan participant at a rate of 7.6% of the participating employee's salary, less the amount used by the System to provide disability benefits for the employee. The amounts so credited shall be paid into the participant's self-managed plan accounts in a manner to be prescribed by the System.

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

The State of Illinois shall make contributions by appropriations to the System of the employer contributions required for employees who participate in the self-managed plan under this Section. The amount required shall be certified by the Board of Trustees of the System and paid by the State in accordance with Section 15-165. The System shall not be obligated to remit the required employer contributions to any of the insurance and annuity companies, mutual fund companies, banks, trust companies, financial institutions, or other sponsors of any of the funding vehicles offered under the self-managed plan until it has received the required employer contributions from the State. In the event of a deficiency in the amount of State contributions, the System shall implement those procedures described in subsection (c) of Section 15-165 to obtain the required funding from the General Revenue Fund.

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

(j) Vesting; Withdrawal; Return to Service. A participant in the self-managed plan becomes vested in the employer contributions credited to his or her accounts in the self-managed plan on the earliest to occur of the following: (1) completion of 5 years of service with an employer described in Section 15-106; (2) the death of the participating employee while employed by an employer described in Section 15-106, if the participant has completed at least 1 1/2 years of service; or (3) the participant's election to retire and apply the reciprocal provisions of Article 20 of this Code.

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

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

If an employee who is not vested in employer contributions terminates employment, the employee shall be entitled to a benefit based solely on the account values attributable to the employee's contributions and any investment return thereon, and the employer contributions and any investment return thereon shall be forfeited. Any employer contributions which are forfeited shall be held in escrow by the company investing those contributions and shall be used as directed by the System for future allocations of employer contributions or for the restoration of amounts previously forfeited by former participants who again become participating employees.

(Source: P.A. 98-92, eff. 7-16-13; 99-897, eff. 1-1-17.)

(40 ILCS 5/15-158.3)

Sec. 15-158.3. Reports on cost reduction; effect on retirement at any age with 30 years of service.

(a) On or before November 15, 2001 and on or before November 15th of each year thereafter, the Board shall have the System's actuary prepare a report showing, on a fiscal year by fiscal year basis, the actual rate of participation in the self-managed plan authorized by Section 15-158.2, (i) by employees of the System's covered higher educational institutions who were hired on or after the implementation date of the self-managed plan and (ii) by other System participants.

(b) On or before November 15th of 2001 and on or before November 15th of each year thereafter, the Illinois Board of Higher Education, in conjunction with the Bureau of the Budget (now Governor's Office of Management and Budget) shall prepare a report showing, on a fiscal year by fiscal year basis, the amount by which the costs associated with compensable sick leave have been reduced as a result of the termination of compensable sick leave accrual on and after January 1, 1998 by employees of higher education institutions who are participants in the System.

(c) On or before November 15 of 2001 and on or before November 15th of each year thereafter, the Department of Central Management Services shall prepare a report showing, on a fiscal year by fiscal year basis, the amount by which the State's cost for health insurance coverage under the State Employees Group Insurance Act of 1971 for retirees of the State's universities and their survivors has declined as a result of requiring some of those retirees and survivors to contribute to the cost of their basic health insurance. These year-by-year reductions in cost must be quantified both in dollars and as a level percentage of payroll covered by the System.

(d) The reports required under subsections (b) and (c) shall be disseminated to the Board, the Pension Laws Commission (until it ceases to exist), the Commission on Government Forecasting and Accountability, the Illinois Board of Higher Education, and the Governor.

(e) The reports required under subsections (b) and (c) shall be taken into account by the Pension Laws Commission (or its successor, the Commission on Government Forecasting and Accountability) in making any recommendation to extend by legislation beyond December 31, 2002 the provision that allows a System participant to retire at any age with 30 or more years of service as authorized in Section 15-135.

(Source: P.A. 95-83, eff. 8-13-07.)



(40 ILCS 5/15-158.4)

Sec. 15-158.4. Election of medicare coverage.

(a) The System shall conduct a divided medicare coverage referendum, open to employees continuously employed by the same employer since March 31, 1986. The referendum shall be conducted in accordance with the applicable provisions of federal law and Article 21 of this Code.

(b) As used in this Section and in compliance with federal law, "referendum" means the process whereby employees are granted the opportunity to make an irrevocable individual election to participate in the medicare program on a prospective basis.

(c) Employers shall pay the necessary employer contributions and make the necessary deductions from salary for employees who elect to participate in the federal medicare program under this Section, as required by the System, Article 21 of this Code, and federal law.

(Source: P.A. 94-415, eff. 8-2-05.)

(40 ILCS 5/15-159) (from Ch. 108 1/2, par. 15-159)

Sec. 15-159. Board created.

(a) A board of trustees constituted as provided in this Section shall administer this System. The board shall be known as the Board of Trustees of the State Universities Retirement System.

(b) (Blank).

(c) (Blank).

(d) Beginning on the 90th day after April 3, 2009 (the effective date of Public Act 96-6), the Board of Trustees shall be constituted as follows:

(1) The Chairperson of the Board of Higher Education.

(2) 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 under this subsection (d) shall be as follows: 2 for a term of 3 years and 2 for a term of 6 years.

(3) 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 as follows: 2 for a term of 3 years and 2 for a term of 6 years.

(4) 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 as follows: one for a term of 3 years and one for a term of 6 years.

The chairperson of the Board shall be appointed by the Governor from among the trustees.

For the purposes of this Section, the Governor may make a nomination and the Senate may confirm the nominee in advance of the commencement of the nominee's term of office.

(e) The 6 elected trustees shall be elected within 90 days after April 3, 2009 (the effective date of Public Act 96-6) for a term beginning on the 90th day after that effective date. Trustees shall be elected thereafter as terms expire for a 6-year term beginning July 15 next following their election, and such election shall be held on May 1, or on May 2 when May 1

falls on a Sunday. The board may establish rules for the election of trustees to implement the provisions of Public Act 96-6 and for future elections. Candidates for the participating trustee shall be nominated by petitions in writing, signed by not less than 400 participants with their addresses shown opposite their names. Candidates for the annuitant trustee shall be nominated by petitions in writing, signed by not less than 100 annuitants with their addresses shown opposite their names. If there is more than one qualified nominee for each elected trustee, then the board shall conduct a secret ballot election by mail for that trustee, in accordance with rules as established by the board. If there is only one qualified person nominated by petition for each elected trustee, then the election as required by this Section shall not be conducted for that trustee and the board shall declare such nominee duly elected. A vacancy occurring in the elective membership of the board shall be filled for the unexpired term by the elected trustees serving on the board for the remainder of the term. Nothing in this subsection shall preclude the adoption of rules providing for internet or phone balloting in addition, or as an alternative, to election by mail.

(f) A vacancy in the appointed membership on the board of trustees caused by resignation, death, expiration of term of office, or other reason shall be filled by a qualified person appointed by the Governor for the remainder of the unexpired term.

(g) Trustees (other than the trustees incumbent on June 30, 1995 or as provided in subsection (c) of this Section) shall continue in office until their respective successors are appointed and have qualified, except that a trustee appointed to one of the participant positions shall be disqualified immediately upon the termination of his or her status as a participant and a trustee appointed to one of the annuitant positions shall be disqualified immediately upon the termination of his or her status as an annuitant receiving a retirement annuity.

(h) Each trustee must take an oath of office before a notary public of this State and shall qualify as a trustee upon the presentation to the board of a certified copy of the oath. The oath must state that the person will diligently and honestly administer the affairs of the retirement system, and will not knowingly violate or willfully permit to be violated any provisions of this Article.

Each trustee shall serve without compensation but shall be reimbursed for expenses necessarily incurred in attending board meetings and carrying out his or her duties as a trustee or officer of the system.

(Source: P.A. 101-610, eff. 1-1-20.)

(40 ILCS 5/15-160) (from Ch. 108 1/2, par. 15-160)

Sec. 15-160. Board's powers and duties. The board shall have the powers and duties stated in Sections 15-161 through 15-177 in addition to the other powers and duties provided under this Article.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-161) (from Ch. 108 1/2, par. 15-161)

Sec. 15-161. To contract and act in its corporate name.

To be a public corporation of this State with power to enter into contracts, accept and make transfers of property, real and personal; to conduct in its corporate name all court proceedings which the board deems necessary to protect the interests of the

State and of the intended beneficiaries under this Article; and generally to accomplish the objects and purposes thereof.  
(Source: Laws 1963, p. 161.)

(40 ILCS 5/15-162) (from Ch. 108 1/2, par. 15-162)

Sec. 15-162. To hold meetings. To hold regular meetings at least quarterly in each year and special meetings at such times as the chairperson or a majority of the board deem necessary.  
(Source: P.A. 98-92, eff. 7-16-13.)

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

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

To consider and pass on all applications for annuities and benefits; to authorize the granting of annuities and benefits; and to limit or suspend any payment or payments, all in accordance with this Article.  
(Source: Laws 1963, p. 161.)

(40 ILCS 5/15-164) (from Ch. 108 1/2, par. 15-164)

Sec. 15-164. To certify interest rate, to set value of allowances and to adopt actuarial tables. To certify the prescribed and effective rates of interest; to prescribe rules for the determination of the value of maintenance, board, living quarters and personal laundry, and other allowances to employees in lieu of money; and to adopt all necessary actuarial tables.  
(Source: P.A. 83-1440.)

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

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

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

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

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

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

(a-5) On or before November 1 of each year, beginning November 1, 2012, the Board shall submit to the State Actuary, the Governor, and the General Assembly a proposed certification of the amount of the required State contribution to the System

for the next fiscal year, along with all of the actuarial assumptions, calculations, and data upon which that proposed certification is based. On or before January 1 of each year, beginning January 1, 2013, the State Actuary shall issue a preliminary report concerning the proposed certification and identifying, if necessary, recommended changes in actuarial assumptions that the Board must consider before finalizing its certification of the required State contributions. On or before January 15, 2013 and each January 15 thereafter, the Board shall certify to the Governor and the General Assembly the amount of the required State contribution for the next fiscal year. The Board's certification must note, in a written response to the State Actuary, any deviations from the State Actuary's recommended changes, the reason or reasons for not following the State Actuary's recommended changes, and the fiscal impact of not following the State Actuary's recommended changes on the required State contribution.

(a-10) By November 1, 2017, the Board shall recalculate and recertify to the State Actuary, the Governor, and the General Assembly the amount of the State contribution to the System for State fiscal year 2018, taking into account the changes in required State contributions made by this amendatory Act of the 100th General Assembly. The State Actuary shall review the assumptions and valuations underlying the Board's revised certification and issue a preliminary report concerning the proposed recertification and identifying, if necessary, recommended changes in actuarial assumptions that the Board must consider before finalizing its certification of the required State contributions. The Board's final certification must note any deviations from the State Actuary's recommended changes, the reason or reasons for not following the State Actuary's recommended changes, and the fiscal impact of not following the State Actuary's recommended changes on the required State contribution.

(a-15) On or after June 15, 2019, but no later than June 30, 2019, the Board shall recalculate and recertify to the Governor and the General Assembly the amount of the State contribution to the System for State fiscal year 2019, taking into account the changes in required State contributions made by this amendatory Act of the 100th General Assembly. The recalculation shall be made using assumptions adopted by the Board for the original fiscal year 2019 certification. The monthly voucher for the 12th month of fiscal year 2019 shall be paid by the Comptroller after the recertification required pursuant to this subsection is submitted to the Governor, Comptroller, and General Assembly. The recertification submitted to the General Assembly shall be filed with the Clerk of the House of Representatives and the Secretary of the Senate in electronic form only, in the manner that the Clerk and the Secretary shall direct.

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

(c) Beginning in State fiscal year 1996, on or as soon as possible after the 15th day of each month the Board shall submit vouchers for payment of State contributions to the System, in a total monthly amount of one-twelfth of the required annual State contribution certified under subsection (a). From the effective date of this amendatory Act of the 93rd General Assembly through June 30, 2004, the Board shall not submit vouchers for the remainder of fiscal year 2004 in excess of the fiscal year 2004 certified contribution amount determined under this Section after taking into consideration the transfer to the System under subsection (b) of Section 6z-61 of the State Finance Act. These vouchers shall be paid by the State Comptroller and Treasurer by

warrants drawn on the funds appropriated to the System for that fiscal year.

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

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

(e) In the event that the System does not receive, as a result of legislative enactment or otherwise, payments sufficient to fully fund the employer contribution to the self-managed plan established under Section 15-158.2 and to fully fund that portion of the employer's portion of the normal costs of the System, as calculated in accordance with Section 15-155(a-1), then any payments received shall be applied proportionately to the optional retirement program established under Section 15-158.2 and to the employer's portion of the normal costs of the System, as calculated in accordance with Section 15-155(a-1).

(Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18.)

(40 ILCS 5/15-166) (from Ch. 108 1/2, par. 15-166)  
Sec. 15-166. To be custodian.

To be custodian of all cash and securities belonging to the system.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/15-167) (from Ch. 108 1/2, par. 15-167)

Sec. 15-167. To invest money. To invest the funds of the system, subject to the requirements and restrictions set forth in Sections 1A-108.5, 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114, 1-115, and 15-158.2(d) of this Code and to invest in real estate acquired by purchase, gift, condemnation or otherwise, and any office building or buildings existing or to be constructed thereon, including any additions thereto or expansions thereof, for the use of the system. The board may lease surplus space in any of the buildings and use rental proceeds for operation, maintenance, improving, expanding and furnishing of the buildings or for any other lawful system purpose.

No bank or savings and loan association shall receive investment funds as permitted by this Section, unless it has complied with the requirements established pursuant to Section 6 of "An Act relating to certain investments of public funds by public agencies", approved July 23, 1943, as now or hereafter amended. The limitations set forth in such Section 6 shall be applicable only at the time of investment and shall not require the liquidation of any investment at any time.

The board shall have the authority to enter into such agreements and to execute such documents as it determines to be necessary to complete any investment transaction.

All investments shall be clearly held and accounted for to indicate ownership by the board. The board may direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by a national or state bank or trust company authorized to conduct a trust business in the State of Illinois.

Investments shall be carried at cost or at a value determined in accordance with generally accepted accounting principles and accounting procedures approved by the Board.

All additions to assets from income, interest, and dividends from investments shall be used to pay benefits, operating and administrative expenses of the system, debt service, including any redemption premium, on any bonds issued by the board, expenses incurred or deposits required in connection with such bonds, and such other costs as may be provided in accordance with this Article.

(Source: P.A. 96-753, eff. 8-25-09.)

(40 ILCS 5/15-167.1) (from Ch. 108 1/2, par. 15-167.1)

Sec. 15-167.1. Participation in commingled investment funds—Transfer of investment functions and securities. (a) The retirement board may invest in any commingled investment fund or funds established and maintained by the Illinois State Board of Investment under Article 22A of this Code. All commingled fund participations shall be subject to the law governing the Illinois State Board of Investment and the rules, policies and directives of that Board.

(b) The retirement board may, by resolution duly adopted by a majority vote of its membership, transfer to the Illinois State Board of Investment created by Article 22A of this Code, for management and administration, all investments owned by the system of every kind and character. Upon completion of such transfer, the authority of the retirement board to make investments shall terminate. Thereafter, all investments of the reserves of the system shall be made by the Illinois State Board of Investment in accordance with Article 22A of this Code.

The transfer shall be made not later than the first day of the fourth month next following the date of such resolution. Before such transfer, an audit of the investments shall be completed by a certified public accountant selected by the Illinois State Board of Investment and approved by the Auditor General of the State of Illinois. The expense of the audit shall be assumed by the retirement board.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-167.2) (from Ch. 108 1/2, par. 15-167.2)

Sec. 15-167.2. To issue bonds. To borrow money and, in evidence of its obligation to repay the borrowing, to issue bonds for the purpose of financing the cost of any project. The bonds shall be authorized pursuant to a resolution to be adopted by the board setting forth all details in connection with the bonds.

The principal amount of the outstanding bonds of the board shall not at any time exceed \$20,000,000.

The bonds may be issued in one or more series, bear such date or dates, become due at such time or times within 40 years, bear interest payable at such intervals and at such rate or rates, which rates may be fixed or variable, be in such denominations, be in such form, either coupon, registered or book-entry, carry such conversion, registration and exchange privileges, be subject to defeasance upon such terms, have such rank or priority, be executed in such manner, be payable in such

medium of payment at such place or places within or without the State of Illinois, make provision for a corporate trustee within or without the State of Illinois with respect to such bonds, prescribe the rights, powers and duties thereof to be exercised for the benefit of the board, the system and the protection of the bondholders, provide for the holding in trust, investment and use of moneys, funds and accounts held in connection therewith, be subject to such terms of redemption with or without premium, and be sold in such manner at private or public sale and at such price, all as the board shall determine. Whenever bonds are sold at a price less than par, they shall be sold at such price and bear interest at such rate or rates that either the true interest cost (yield) or the net interest rate, as may be selected by the board, received upon the sale of such bonds does not exceed the maximum interest rate permitted by the Bond Authorization Act, as amended at the time of the making of the contract.

Any bonds may be refunded or advance refunded upon such terms as the board may determine for such term of years, not exceeding 40 years, and in such principal amount, as may be deemed necessary by the board. Any redemption premium payable upon the redemption of bonds may be payable from the proceeds of refunding bonds issued for the purpose of refunding such bonds, from any lawfully available source or from both refunding bond proceeds and such other sources.

The bonds or refunding bonds shall be obligations of the board payable from the income, interest and dividends derived from investments of the board, all as may be designated in the resolution of the board authorizing the issuance of the bonds. The bonds shall be secured as provided in the authorizing resolution, which may, notwithstanding any other provision of this Code, include a specific pledge or assignment of and lien on or security interest in the income, interest and dividends derived from investments of the board and a specific pledge or assignment of and lien on or security interest in any funds, reserves or accounts established or provided for by the resolution of the board authorizing the issuance of the bonds. The bonds or refunding bonds shall not be payable from any employer or employee contributions derived from State appropriations nor constitute obligations or indebtedness of the State of Illinois or of any municipal corporation or other body politic and corporate in the State.

The holder or holders of any bonds issued by the board may bring suits at law or proceedings in equity to compel the performance and observance by the board or any of its agents or employees of any contract or covenant made with the holders of the bonds, to compel the board or any of its agents or employees to perform any duties required to be performed for the benefit of the holders of the bonds by the provisions of the resolution authorizing their issuance, and to enjoin the board or any of its agents or employees from taking any action in conflict with any such contract or covenant.

Notwithstanding the provisions of Section 15-188 of this Code, if the board fails to pay the principal of, premium, if any, or interest on any of the bonds as they become due, a civil action to compel payment may be instituted in the appropriate circuit court by the holder or holders of the bonds upon which such default exists or by a trustee acting on behalf of the holders.

No bonds may be issued under this Section until a copy of the resolution of the board authorizing such bonds, certified by the secretary of the board, has been filed with the Governor of the State of Illinois.

"Bonds" means any instrument evidencing the obligation to pay money, including without limitation bonds, notes,

installment or financing contracts, leases, certificates, warrants, and any other evidences of indebtedness.

"Project" means the acquisition, construction, equipping, improving, expanding and furnishing of any office building for the use of the system, including any real estate or interest in real estate necessary or useful in connection therewith.

"Cost of any project" includes all capital costs of the project, an amount for expenses of issuing any bonds to finance such project, including underwriter's discount and costs of bond insurance or other credit enhancement, an amount necessary to provide for a reserve fund for the payment of the principal of and interest on such bonds and an amount to pay interest on such bonds for a period not to exceed the greater of 2 years or a period ending 6 months after the estimated date of completion of the project.

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

(40 ILCS 5/15-167.3)

Sec. 15-167.3. (Repealed).

(Source: P.A. 92-749, eff. 8-2-02. Repealed by P.A. 95-83, eff. 8-13-07.)

(40 ILCS 5/15-167.4)

Sec. 15-167.4. Eminent domain. Notwithstanding any other provision of this Code, any power granted under this Code to acquire property by condemnation or eminent domain is subject to, and shall be exercised in accordance with, the Eminent Domain Act.

(Source: P.A. 94-1055, eff. 1-1-07.)

(40 ILCS 5/15-168) (from Ch. 108 1/2, par. 15-168)

Sec. 15-168. To require information.

(a) To require such information as shall be necessary for the proper operation of the system from any participant or beneficiary or annuitant or from any current or former employer of a participant or annuitant. Such information may include, but is not limited to, employment contracts.

(b) When the System submits a request for information under subsection (a) of this Section, the employer shall respond within 90 calendar days of the System's request. Beginning on the 91st calendar day after the System's request, the System may assess a penalty of \$250 per calendar day until receipt of the information by the System, with a maximum penalty of \$25,000. All payments must be received within one calendar year after receipt of the information by the System or one calendar year of reaching the maximum penalty of \$25,000, whichever occurs earlier. If the employer fails to make complete payment within the applicable timeframe, then the System may, after giving notice to the employer, certify the delinquent amount to the State Comptroller, and the Comptroller shall thereupon deduct the certified delinquent amount from State funds payable to the employer and pay them instead to the System.

(c) If a participant, beneficiary, or annuitant fails to provide any information that is necessary for the calculation, payment, or finalization of any benefit under this Article within 90 calendar days of the date of the System's request under subsection (a) of this Section, then the System may immediately cease processing the benefit and may not pay any additional benefit payment to the participant, beneficiary, or annuitant until the requested information is provided.

(Source: P.A. 98-92, eff. 7-16-13; 99-450, eff. 8-24-15; 99-897, eff. 1-1-17.)



(40 ILCS 5/15-168.1)

Sec. 15-168.1. Testimony and the production of records. The secretary of the Board shall have the power to issue subpoenas to compel the attendance of witnesses and the production of documents and records, including law enforcement records maintained by law enforcement agencies, in conjunction with:

- (1) the determination of employer payments required under subsection (g) of Section 15-155;
- (2) a disability claim;
- (3) an administrative review proceeding;
- (4) an attempt to obtain information to assist in the collection of sums due to the System;
- (5) obtaining any and all personal identifying information necessary for the administration of benefits;
- (6) the determination of the death of a benefit recipient or a potential benefit recipient; or
- (7) a felony forfeiture investigation.

The fees of witnesses for attendance and travel shall be the same as the fees of witnesses before the circuit courts of this State and shall be paid by the party seeking the subpoena. The Board may apply to any circuit court in the State for an order requiring compliance with a subpoena issued under this Section. Subpoenas issued under this Section shall be subject to applicable provisions of the Code of Civil Procedure.

(Source: P.A. 100-556, eff. 12-8-17.)

(40 ILCS 5/15-168.2)

Sec. 15-168.2. Audit of employers.

(a) Beginning August 1, 2013, the System may audit the employment records and payroll records of all employers. When the System audits an employer, it shall specify the exact information it requires, which may include but need not be limited to the names, titles, and earnings history of every individual receiving compensation from the employer. If an employer is audited by the System, then the employer must provide to the System all necessary documents and records within 60 calendar days after receiving notification from the System. When the System audits an employer, it shall send related correspondence by certified mail.

(b) When the System submits a request for information under subsection (a) of this Section, the employer shall respond within 60 calendar days of the System's request. Beginning on the 61st calendar day after the System's request, the System may assess a penalty of \$250 per calendar day until receipt of the information by the System, with a maximum penalty of \$25,000. All payments must be received by the System within one calendar year after receipt of the information by the System or one calendar year after reaching the maximum penalty of \$25,000, whichever occurs earlier. If the employer fails to make complete payment within the applicable timeframe, then the System may, after giving notice to the employer, certify the delinquent amount to the State Comptroller, and the Comptroller shall thereupon deduct the certified delinquent amount from State funds payable to the employer and pay them instead to the System.

(Source: P.A. 99-897, eff. 1-1-17.)

(40 ILCS 5/15-169) (from Ch. 108 1/2, par. 15-169)

Sec. 15-169. To elect officers and appoint employees. To elect officers; to appoint a secretary and treasurer; to have a seal; to employ and fix the rate of pay of such actuarial,

legal, clerical, audit, medical, or other services, or corporate trustee organized under the laws of this State with a capital of not less than \$1,000,000, or investment counsel and other persons as shall be required for the efficient administration of the system. All actions brought by or against the board shall be prosecuted or defended by the Attorney General. If the board pursues a mandamus action under Section 15-156 of this Code as amended by Senate Bill No. 1 of the 98th General Assembly in the form passed by the General Assembly, then the board may select the counsel of their choice.

(Source: P.A. 98-92, eff. 7-16-13; 98-598, eff. 12-5-13.)

(40 ILCS 5/15-170) (from Ch. 108 1/2, par. 15-170)  
Sec. 15-170. To maintain records and accounts.

To maintain a permanent record of all board proceedings which record shall be available for examination by any participant, annuitant or officer of the State of Illinois; to maintain a separate record for each individual participant and annuitant; to maintain adequate accounting records which shall at all times reflect the financial condition of the system, and such additional data as shall be necessary for required calculations, valuations and operation of the system; to have any of the foregoing records photographed, microfilmed or otherwise reproduced, which photographs, microfilms or reproductions shall be deemed original records for all purposes, including introduction in evidence before all courts and administrative agencies.

(Source: P.A. 77-616.)

(40 ILCS 5/15-171) (from Ch. 108 1/2, par. 15-171)

Sec. 15-171. To receive, record and deposit payments. To receive all payments made to the system; to make a record thereof; and to cause all payments to be deposited immediately with the treasurer of the system. The Board may delegate the actions prescribed under this Section to persons employed by the System.

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

(40 ILCS 5/15-172) (from Ch. 108 1/2, par. 15-172)

Sec. 15-172. To certify warrants, checks, or drafts. To provide for certification on its behalf by its secretary of all warrants, checks, or drafts upon its depository bank or corporate trustee in accordance with the by-laws and actions of the board authorizing payments for benefits, expenses, investments and debt service, including any redemption premium and required deposits for any bonds of the board, out of funds belonging to this system.

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

(40 ILCS 5/15-173) (from Ch. 108 1/2, par. 15-173)

Sec. 15-173. To cause actuarial analyses. To cause a general investigation to be made by a competent actuary, at least once every 3 years, of the retirement, disability, separation, mortality, interest, and employee earnings rates; to recommend, as a result of each such investigation, the tables to be adopted for all required actuarial calculations; and to cause an annual determination to be made by a competent actuary of the liabilities and reserves of the system and an annual determination of the amount and distribution of the required employer contributions.

(Source: P.A. 99-232, eff. 8-3-15.)

(40 ILCS 5/15-174) (from Ch. 108 1/2, par. 15-174)  
Sec. 15-174. To have an audit.

To cause an audit of the affairs of the system to be made annually by an independent certified public accountant; and to submit a copy thereof to the Governor of the State as soon as possible after the end of each fiscal year.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/15-175) (from Ch. 108 1/2, par. 15-175)  
Sec. 15-175. To provide statements.

To make available to the participants and annuitants a financial statement including a summary of the report of the certified public accountant; and to submit an individual statement specifying the accumulations to the credit, as of the latest date practicable, of any participant so requesting.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/15-176) (from Ch. 108 1/2, par. 15-176)

Sec. 15-176. To accept gifts. To accept any gift, grant or bequest of any money or securities; if the grantor designates cash benefits for some or all of the system's participants or annuitants, to carry out such intent; if no such intent is designated, to reduce the costs of the State.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-177) (from Ch. 108 1/2, par. 15-177)

Sec. 15-177. To make rules. To establish by-laws; to fix the number necessary for a quorum; to set up an executive committee of its members to exercise all powers of the board except as limited by the board; to establish rules and regulations, not inconsistent with the provisions of this Article, as are necessary for the administration of the system; and generally to carry on any other reasonable activities which are deemed necessary to accomplish the purposes of this system, including without limitation the time and manner of reporting contributions by participants and, if applicable, contributions by employers.

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

(40 ILCS 5/15-178) (from Ch. 108 1/2, par. 15-178)

Sec. 15-178. Duties of the State Comptroller and payroll officers. The State Comptroller and employer payroll officers, in drawing warrants and checks for items of salary on payroll vouchers certified by employers, shall draw such warrants and checks to participating employees for the amount of salary or wages specified for the period, and shall draw a warrant, check, or electronic funds transfer to this system for the total of the contributions required under Section 15-157. All warrants and electronic funds transfers covering such contributions, and a deduction register pertaining to the payroll supplied by the employer, shall be transmitted immediately to the board.

The Comptroller shall draw warrants or prepare direct deposit transmittals upon the State Treasurer payable from funds appropriated for the purposes specified in this Article upon the presentation of vouchers approved by the board.

(Source: P.A. 95-83, eff. 8-13-07.)

(40 ILCS 5/15-179) (from Ch. 108 1/2, par. 15-179)

Sec. 15-179. Duties of Director of Central Management Services. The Director of Central Management Services in considering payroll vouchers required by "An Act in relation to State Finance", approved June 10, 1919, as amended, to be approved by the Department of Central Management Services before warrants are drawn by the State Comptroller shall approve such payroll vouchers only if they are prepared in accordance with Section 15-181 and shall not withhold approval of any payroll because it is prepared in accordance with Section 15-181. The Director of Central Management Services, in passing on payroll vouchers required by the "Personnel Code", approved July 18, 1955, as amended, shall approve the vouchers if they are prepared in accordance with Section 15-181.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-181) (from Ch. 108 1/2, par. 15-181)

Sec. 15-181. Duties of employers.

(a) Each employer, in preparing payroll vouchers for participating employees, shall indicate, in addition to other information: (1) the amount of employee contributions and survivors insurance contributions required under Section 15-157, (2) the gross earnings payable to each employee, and (3) the total of all contributions required under Section 15-157.

(b) Each employer, in drawing warrants or checks against trust or federal funds for items of salary on payroll vouchers certified by employers, shall draw such warrants or checks to participating employees for the amount of cash salary or wages specified for the period, and shall draw a warrant or check to this system for the total of the contributions required under Section 15-157. The warrant or check drawn to this system, together with the additional copy of the payroll supplied by the employer, shall be transmitted immediately to the board.

(c) The City of Champaign and the City of Urbana, as employers of persons who participate in this System pursuant to subsection (h) of Section 15-107, shall each collect and transmit to the System from each payroll the employee contributions required under Section 15-157, together with such payroll documentation as the Board may require, at the time that the payroll is paid.

(Source: P.A. 90-576, eff. 3-31-98; 91-887, eff. 7-6-00.)

(40 ILCS 5/15-183) (from Ch. 108 1/2, par. 15-183)

Sec. 15-183. Authorizations. Payment of salary as prescribed by law or as contracted by an employer shall together with the rights in the benefits provided by this system, be a full and complete discharge of all claims of payments for service rendered by an employee during the period covered by the payment.

(Source: P.A. 81-1165.)

(40 ILCS 5/15-184) (from Ch. 108 1/2, par. 15-184)

Sec. 15-184. Undivided interest. The assets of the system shall be invested as one fund, and no particular person, group of persons or entity shall have any right in any specific security or property or in any item of cash, other than an undivided interest in the whole except as otherwise provided in this Article.

The changes to this Section and Sections 15-155, 15-167 and 15-172 made by this amendatory Act of 1989, and Section

15-167.2, shall be applicable to all participants, annuitants and beneficiaries now or hereafter covered by this Article.  
(Source: P.A. 86-1034.)

(40 ILCS 5/15-185) (from Ch. 108 1/2, par. 15-185)

Sec. 15-185. Annuities, etc., exempt. The accumulated employee and employer contributions shall be held in trust for each participant and annuitant, and this trust shall be treated as a spendthrift trust. Except as provided in this Article, all cash, securities and other property of this system, all annuities and other benefits payable under this Article and all accumulated credits of participants and annuitants in this system and the right of any person to receive an annuity or other benefit under this Article, or a refund of contributions, shall not be subject to judgment, execution, garnishment, attachment, or other seizure by process, in bankruptcy or otherwise, nor to sale, pledge, mortgage or other alienation, and shall not be assignable. The board, however, may deduct from the benefits, refunds and credits payable to the participant, annuitant or beneficiary, amounts owed by the participant or annuitant to the system. No attempted sale, transfer or assignment of any benefit, refund or credit shall prevent the right of the board to make the deduction and offset authorized in this Section. Any participant or annuitant may authorize the board to deduct from disability benefits or annuities, premiums due under any group hospital-surgical insurance program which is sponsored or approved by any employer; however, the deductions from disability benefits may not begin prior to 6 months after the disability occurs.

A person receiving an annuity or benefit under this Article may also authorize withholding from that annuity or benefit for the purposes enumerated in and in accordance with the provisions of the State Salary and Annuity Withholding Act.

This Section is not intended to, and does not, affect the calculation of any benefit under this Article or dictate how or to what extent employee or employer contributions are to be taken into account in calculating benefits. This amendatory Act of the 91st General Assembly is a clarification of existing law and applies to every participant and annuitant without regard to whether status as an employee terminates before the effective date of this amendatory Act.

Public Act 86-273 is a clarification of existing law and shall be applicable to every participant and annuitant without regard to whether status as an employee terminates before the effective date of that Act.

(Source: P.A. 90-65, eff. 7-7-97; 90-448, eff. 8-16-97; 90-511, eff. 8-22-97; 90-655, eff. 7-30-98; 91-887, eff. 7-6-00.)

(40 ILCS 5/15-185.5)

Sec. 15-185.5. Accelerated pension benefit payment in lieu of any pension benefit.

(a) As used in this Section:

"Eligible person" means a person who:

- (1) has terminated service;
  - (2) has accrued sufficient service credit to be eligible to receive a retirement annuity under this Article;
  - (3) has not received any retirement annuity under this Article;
  - (4) has not made the election under Section 15-185.6;
- and
- (5) is not a participant in the self-managed plan under Section 15-158.2.

"Implementation date" means the earliest date upon which the Board authorizes eligible persons to begin irrevocably electing the accelerated pension benefit payment option under this Section. The Board shall endeavor to make such participation available as soon as possible after June 4, 2018 (the effective date of Public Act 100-587) and shall establish an implementation date by Board resolution.

"Pension benefit" means the benefits under this Article, or Article 1 as it relates to those benefits, including any anticipated annual increases, that an eligible person is entitled to upon attainment of the applicable retirement age. "Pension benefit" also includes applicable survivors benefits, disability benefits, or disability retirement annuity benefits.

(b) Beginning on the implementation date, the System shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the System to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The System shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person upon his or her request in writing to the System. The System shall not perform more than one calculation per eligible member in a State fiscal year. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. The System shall make a good faith effort to contact every eligible person to notify him or her of the election.

Beginning on the implementation date and until June 30, 2024, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the System offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive an accelerated pension benefit payment under this Section may not elect to proceed under the Retirement Systems Reciprocal Act with respect to service under this Article.

(c) Upon payment of an accelerated pension benefit payment under this Section, the person forfeits all accrued rights and credits in the System and no other benefit shall be paid under this Article based on those forfeited rights and credits, including any retirement, survivor, or other benefit; except that to the extent that participation, benefits, or premiums under the State Employees Group Insurance Act of 1971 are based on the amount of service credit, the terminated service credit shall be used for that purpose.

(d) If a person who has received an accelerated pension benefit payment under this Section returns to participation under this Article, any benefits under the System earned as a result of that return to participation shall be based solely on the person's credits and creditable service arising from the return to participation. Upon return to participation, the person shall be considered a new employee subject to all the qualifying conditions for participation and eligibility for benefits applicable to new employees.

(d-5) The accelerated pension benefit payment may not be repaid to the System, and the forfeited rights and credits may not under any circumstances be reinstated.

(e) As a condition of receiving an accelerated pension benefit payment, the accelerated pension benefit payment must be deposited into a tax qualified retirement plan or account identified by the eligible person at the time of the election. The accelerated pension benefit payment under this Section may be subject to withholding or payment of applicable taxes, but to the extent permitted by federal law, a person who receives an accelerated pension benefit payment under this Section must direct the System to pay all of that payment as a rollover into

another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended.

(f) The System shall submit vouchers to the State Comptroller for the payment of accelerated pension benefit payments under this Section. The State Comptroller shall pay the amounts of the vouchers from the State Pension Obligation Acceleration Bond Fund to the System, and the System shall deposit the amounts into the applicable tax qualified plans or accounts.

(g) The Board shall adopt any rules, including emergency rules, necessary to implement this Section.

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

(Source: P.A. 100-587, eff. 6-4-18; 101-10, eff. 6-5-19.)

(40 ILCS 5/15-185.6)

Sec. 15-185.6. Accelerated pension benefit payment for a reduction in an annual increase to a retirement annuity and an annuity benefit payable as a result of death.

(a) As used in this Section:

"Accelerated pension benefit payment" means a lump sum payment equal to 70% of the difference of: (i) the present value of the automatic annual increases to a Tier 1 member's retirement annuity, including any increases to any annuity benefit payable as a result of his or her death, using the formula applicable to the Tier 1 member; and (ii) the present value of the automatic annual increases to the Tier 1 member's retirement annuity, including any increases to any annuity benefit payable as a result of his or her death, using the formula provided under subsection (b-5).

"Eligible person" means a person who:

- (1) is a Tier 1 member;
  - (2) has submitted an application for a retirement annuity under this Article;
  - (3) meets the age and service requirements for receiving a retirement annuity under this Article;
  - (4) has not received any retirement annuity under this Article;
  - (5) has not made the election under Section 15-185.5;
- and
- (6) is not a participant in the self-managed plan under Section 15-158.2.

"Implementation date" means the earliest date upon which the Board authorizes eligible persons to begin irrevocably electing the accelerated pension benefit payment option under this Section. The Board shall endeavor to make such participation available as soon as possible after June 4, 2018 (the effective date of Public Act 100-587) and shall establish an implementation date by Board resolution.

(b) Beginning on the implementation date and until June 30, 2024, the System shall implement an accelerated pension benefit payment option for eligible persons. The System shall calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount for an eligible person upon his or her request in writing to the System and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement annuity and any annuity benefit payable as a result of his or her death calculated in accordance with the formula provided in subsection (b-5) in exchange for the accelerated pension benefit payment. The System shall not perform more than one calculation under this Section per eligible person in a State fiscal year. The election under this





sets any benefit at an incorrect amount, it shall recalculate the benefit as soon as may be practicable after the mistake is discovered.

If the benefit was mistakenly set too low, the System shall make a lump sum payment to the recipient of an amount equal to the difference between the benefits that should have been paid and those actually paid, plus interest at the effective rate from the date the unpaid amounts accrued to the date of payment.

If the benefit was mistakenly set too high, the System may recover the amount overpaid from the recipient thereof, plus interest at the effective rate from the date of overpayment to the date of recovery, either directly or by deducting such amount from the remaining benefits payable to the recipient. However, if (1) the amount of the benefit was mistakenly set too high, and (2) the error was undiscovered for 3 years or longer, and (3) the error was not the result of incorrect information supplied by the affected member or beneficiary, then upon discovery of the mistake the benefit shall be adjusted to the correct level, but the recipient of the benefit need not repay to the System the excess amounts received in error.

(Source: P.A. 93-347, eff. 7-24-03.)

(40 ILCS 5/15-187) (from Ch. 108 1/2, par. 15-187)

Sec. 15-187. Felony conviction. None of the benefits provided under this Article shall be paid to any person who is convicted of any felony relating to or arising out of or in connection with a person's service as an employee from which the benefit derives.

This Section shall not operate to impair any contract or vested right heretofore acquired under any law or laws continued in this Article, nor to preclude the right to a refund. The changes made to this Section by this amendatory Act of the 100th General Assembly shall not impair any contract or vested right acquired prior to the effective date of this amendatory Act of the 100th General Assembly. No refund paid to any person who is convicted of a felony relating to or arising out of or in connection with the person's service as an employee shall include employer contributions or interest or, in the case of the self-managed plan authorized under Section 15-158.2, any employer contributions or investment return on such employer contributions.

All persons entering service subsequent to July 9, 1955 shall be deemed to have consented to the provisions of this Section as a condition of coverage, and all participants entering service on or subsequent to the effective date of this amendatory Act of the 100th General Assembly shall be deemed to have consented to the provisions of this amendatory Act as a condition of participation.

(Source: P.A. 100-334, eff. 8-25-17.)

(40 ILCS 5/15-188) (from Ch. 108 1/2, par. 15-188)

Sec. 15-188. Administrative review. The Administrative Review Law, and all amendments and modifications thereof, and the rules adopted pursuant thereto, shall apply to and govern all proceedings for the judicial review of final administrative decisions of the board of trustees hereunder. The term "administrative decision" is defined as in Section 3-101 of the Code of Civil Procedure. The venue for actions brought under the Administrative Review Law shall be Champaign County.

(Source: P.A. 87-1265.)

(40 ILCS 5/15-189) (from Ch. 108 1/2, par. 15-189)

Sec. 15-189. No monetary gain on investments. Except as otherwise herein provided, no member or employee of the board shall have any direct interest in the income, gains or profits of any investments made by the board, or receive any pay or emolument for services in connection with any investment. No member or employee of the board shall become an endorser or surety, or in any manner an obligor for money loaned or borrowed from the system. A violation of any of these restrictions shall constitute a Class 4 felony.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-190) (from Ch. 108 1/2, par. 15-190)

Sec. 15-190. Persons under legal disability. If a person is under legal disability when any right or privilege accrues to him or her under this Article, a guardian may be appointed pursuant to law, and may, on behalf of such person, claim and exercise any such right or privilege with the same force and effect as if the person had not been under a legal disability and had claimed or exercised such right or privilege.

If a person's application for benefits or a physician's certificate on file with the board shows that the person is under a legal disability, the benefits payable under this Article may be paid (1) directly to the person under legal disability, (2) to any person who has legally qualified and is acting as guardian of the property of the person under legal disability, (3) to either parent of the person under legal disability or any adult person with whom the person under legal disability may at the time be living, provided only that such parent or adult person to whom any amount is to be paid shall have advised the board in writing that such amount will be held or used for the benefit of the person under legal disability, or (4) to the trustee of any trust created for the sole benefit of the person under legal disability while that person is living, provided only that the trustee of such trust to whom any amount is to be paid shall have advised the board in writing that such amount will be held or used for the benefit of the person under legal disability. The system shall not be required to determine the validity of the trust or any of the terms thereof. The representation of the trustee that the trust meets the requirements of this Section shall be conclusive as to the system. The written receipt of the person under legal disability or the other person who receives such payment shall be an absolute discharge of the system's liability in respect of the amount so paid.

(Source: P.A. 93-347, eff. 7-24-03.)

(40 ILCS 5/15-191) (from Ch. 108 1/2, par. 15-191)

Sec. 15-191. Payment of benefits to minors. If any benefits under this Article become payable to a minor, the board may make payment (1) directly to the minor, (2) to any person who has legally qualified and is acting as guardian of the minor's person or property in any jurisdiction, (3) to either parent of the minor or to any adult person with whom the minor may at the time be living, provided only that the parent or other person to whom any amount is to be paid shall have advised the board in writing that such amount will be held or used for the benefit of the minor, or (4) to the trustee of any trust created for the sole benefit of the minor while that minor is living, provided only that the trustee of such trust to whom any amount is to be paid shall have advised the board in writing that such amount will be held or used for the benefit of the minor. The system

shall not be required to determine the validity of the trust or any of the terms thereof. The representation of the trustee that the trust meets the requirements of this Section shall be conclusive as to the system. The written receipt of the minor, parent, trustee, or other person who receives such payment shall be an absolute discharge of the system's liability in respect of the amount so paid.

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

(40 ILCS 5/15-192) (from Ch. 108 1/2, par. 15-192)

Sec. 15-192. Retirement Systems Reciprocal Act. The "Retirement Systems Reciprocal Act", being Article 20 of this Code as now enacted and hereafter amended, is hereby adopted and shall apply to and govern the operations of this system. "An Act to provide for reciprocal allowance of credits for retirement, death and disability benefits between the State Employees' Retirement System of Illinois, the University Retirement System of Illinois and the Teachers' Retirement System of the State of Illinois, and for the transfer of certain funds between said systems", approved August 8, 1947, and repealed in 1963, is superseded by the provisions of the "Retirement Systems Reciprocal Act", except insofar as said Act of August 8, 1947, may govern rights of persons receiving benefits or who may hereafter receive benefits by virtue of said Act.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-193) (from Ch. 108 1/2, par. 15-193)

Sec. 15-193. Reinsurance.

The board may at any time that it appears desirable and advantageous, contract with any recognized and solvent legal reserve life insurance company for the payment of any benefits specified in this Article, provided such contract applies alike to all persons of the same class and does not cause any discrimination or create conditions which will substantially limit or reduce the equity or security of any other participant or annuitant in the system at the time. If any such contract is entered into, the board may certify vouchers for the payment to any such contractor out of funds belonging to this system of the amounts payable under such contracts.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/15-196) (from Ch. 108 1/2, par. 15-196)

Sec. 15-196. General provisions and savings clause.

The provisions of Article 1 and Article 23 of this Code apply to this Article as though such provisions were fully set forth in this Article as a part thereof.

(Source: Laws 1963, p. 161.)

(40 ILCS 5/15-197) (from Ch. 108 1/2, par. 15-197)

Sec. 15-197. Savings Clause. The repeal or amendment of any Section or provision of this Article by this amendatory Act of 1984 shall not affect or impair any pension, benefits, rights or credits accrued or in effect prior thereto.

(Source: P.A. 83-1440.)

(40 ILCS 5/15-198)

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

(a) As used in this Section, "new benefit increase" means an

increase in the amount of any benefit provided under this Article, or an expansion of the conditions of eligibility for any benefit under this Article, that results from an amendment to this Code that takes effect after June 1, 2005 (the effective date of Public Act 94-4). "New benefit increase", however, does not include any benefit increase resulting from the changes made to Article 1 or this Article by Public Act 100-23, Public Act 100-587, Public Act 100-769, Public Act 101-10, or this amendatory Act of the 101st General Assembly.

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

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

Every new benefit increase is contingent upon the General Assembly providing the additional funding required under this subsection. The Commission on Government Forecasting and Accountability shall analyze whether adequate additional funding has been provided for the new benefit increase and shall report its analysis to the Public Pension Division of the Department of Insurance. A new benefit increase created by a Public Act that does not include the additional funding required under this subsection is null and void. If the Public Pension Division determines that the additional funding provided for a new benefit increase under this subsection is or has become inadequate, it may so certify to the Governor and the State Comptroller and, in the absence of corrective action by the General Assembly, the new benefit increase shall expire at the end of the fiscal year in which the certification is made.

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

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

(Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18; 100-769, eff. 8-10-18; 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 101-610, eff. 1-1-20.)

(40 ILCS 5/15-200)

Sec. 15-200. (Repealed).

(Source: P.A. 98-599, eff. 6-1-14. Repealed by P.A. 100-23, eff. 7-6-17.)

(40 ILCS 5/15-201)

Sec. 15-201. (Repealed).

(Source: P.A. 98-599, eff. 6-1-14. Repealed by P.A. 100-23, eff. 7-6-17.)

0050HLA  
Exhibit 1

(Source: P.A. 100-769, eff. 8-10-18.)

## STATE UNIVERSITIES RETIREMENT SYSTEM

**OATH OF OFFICE**

I, \_\_\_\_\_, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of Illinois, and the laws thereof, that I will diligently and honestly administer the affairs of the State Universities Retirement System, and that I will not knowingly violate or willfully permit to be violated any provisions of Article 15 of the Illinois Pension Code.

\_\_\_\_\_  
XXXXXX

\_\_\_\_\_  
Date

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**TO BE COMPLETED BY A NOTARY PUBLIC**

Subscribed and sworn before me, a Notary Public, in and for the

County of \_\_\_\_\_, State of Illinois

Date \_\_\_\_\_ My Commission Expires \_\_\_\_\_

\_\_\_\_\_  
Notary Public

(NOTARY SEAL)

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# STATEMENT OF ECONOMIC INTERESTS TO BE FILED WITH THE SECRETARY OF STATE



## INSTRUCTIONS:

You may find the following documents helpful to you in completing this form:

- (1) federal income tax returns, including any related schedules, attachments, and forms; and
- (2) investment and brokerage statements.

To complete this form, you do not need to disclose specific amounts or values or report interests relating either to political committees registered with the Illinois State Board of Elections or to political committees, principal campaign committees, or authorized committees registered with the Federal Election Commission.

The information you disclose will be available to the public.

You must answer all 7 questions. Certain questions will ask you to report any applicable assets or debts held in, or payable to, your name; held jointly by, or payable to, you with your spouse; or held jointly by, or payable to, you with your minor child. If you have any concerns about whether an interest should be reported, please consult your department's ethics officer, if applicable.

Please ensure that the information you provide is complete and accurate. If you need more space than the form allows, please attach additional pages for your response. If you are subject to the State Officials and Employees Ethics Act, your ethics officer must review your statement of economic interests before you file it. Failure to complete the statement in good faith and within the prescribed deadline may subject you to fines, imprisonment, or both.

## BASIC INFORMATION:

Name: \_\_\_\_\_

Job title: \_\_\_\_\_

Office, department, or agency that requires you to file this form: University of Illinois \_\_\_\_\_

Other offices, departments, or agencies that require you to file a Statement of Economic Interests form: \_\_\_\_\_

Full mailing address: \_\_\_\_\_

Preferred e-mail address (optional): \_\_\_\_\_

## QUESTIONS:

1. If you have any single asset that was worth more than \$10,000 as of the end of the preceding calendar year and is held in, or payable to, your name, held jointly by, or payable to, you with your spouse, or held jointly by, or payable to, you with your minor child, list such assets below. In the case of investment real estate, list the city and state where the investment real estate is located. If you do not have any such assets, list "none" below.

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2. Excluding the position for which you are required to file this form, list the source of any income in excess of \$7,500 required to be reported during the preceding calendar year. If you sold an asset that produced more than \$7,500 in capital gains in the preceding calendar year, list the name of the asset and the transaction date on which the sale or transfer took place. If you had no such sources of income or assets, list "none" below.

Source of Income / Name of Asset	Date Sold (if applicable)
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

3. Excluding debts incurred on terms available to the general public, such as mortgages, student loans and credit card debts, if you owed any single debt in the preceding calendar year exceeding \$10,000, list the creditor of the debt below. If you had no such debts, list "none" below.

List the creditor for all applicable debts owed by you, owed jointly by you with your spouse, or owed jointly by you with your minor child. In addition to the types of debts listed above, you do not need to report any debts to or from financial institutions or government agencies, such as debts secured by automobiles, household furniture or appliances, as long as the debt was made on terms available to the general public, debts to members of your family, or debts to or from a political committee registered with the Illinois State Board of Elections or any political committee, principal campaign committee, or authorized committee registered with the Federal Election Commission.

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4. List the name of each unit of government of which you or your spouse were an employee, contractor, or office holder during the preceding calendar year other than the unit or units of government in relation to which the person is required to file and the title of the position or nature of the contractual services.

Name of Unit of Government	Title or Nature of Services
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

5. If you maintain an economic relationship with a lobbyist or if a member of your family is known to you to be a lobbyist registered with any unit of government in the State of Illinois, list the name of the lobbyist below and identify the nature of your relationship with the lobbyist. If you do not have an economic relationship with a lobbyist or a family member known to you to be a lobbyist registered with any unit of government in the State of Illinois, list "none" below.

Name of Lobbyist	Relationship to Filer
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>



6. List the name of each person, organization or entity that was the source of a gift or gifts, or honorarium or honoraria, valued singly or in the aggregate in excess of \$500 received during the preceding calendar year and the type of gift or gifts, or honorarium or honoraria, excluding any gift or gifts from a member of your family that was not known to be a lobbyist registered with any unit of government in the State of Illinois. If you had no such gifts, list "none" below.

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7. List the name of any spouse or immediate family member living with the person making this statement employed by a public utility in this State and the name of the public utility that employs the relative.

Name and Relation	Public Utility
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

**VERIFICATION:**

"I declare that this statement of economic interests (including any attachments) has been examined by me and to the best of my knowledge and belief is a true, correct and complete statement of my economic interests as required by the Illinois Governmental Ethics Act. I understand that the penalty for willfully filing a false or incomplete statement is a fine not to exceed \$2,500 or imprisonment in a penal institution other than the penitentiary not to exceed one year, or both fine and imprisonment."

Printed Name of Filer: 

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Date: 

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Signature: 

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If this statement of economic interests requires ethics officer review prior to filing, the applicable ethics officer must complete the following:

**CERTIFICATION OF ETHICS OFFICER REVIEW:**

"In accordance with law, as Ethics Officer, I reviewed this statement of economic interests prior to its filing."

Printed Name of Ethics Officer: 

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Date: 

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Signature: 

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Preferred email address (optional): 

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NOTE: This statement is to be filed in the Office of the Secretary of State, Economic Interest Section, Index Department, 111 East Monroe Street, Springfield, Illinois 62756.

## **2022 Statement of Economic Interest Form Guidance**

### **Question #1**

*1. If you have any single asset that was worth more than \$10,000 as of the end of the preceding calendar year and is held in, or payable to, your name, held jointly by, or payable to, you with your spouse, or held jointly by, or payable to, you with your minor child, list such assets below. In the case of investment real estate, list the city and state where the investment real estate is located. If you do not have any such assets, list "none" below.*

Items typically listed under assets include but are not limited to:

- any single block of stock, public bonds, or commodity futures worth \$10,000 or more in one company (name only - NOT THE AMOUNT)
- investment real estate, farmland, and rental property (other than your personal residence - list the city and state only)
- sector mutual and sector exchange traded fund –funds of more than \$10,000 invested in a particular industry - or business beneficial interests in trusts
- business interests
- partnership interests

Per the statute, "Asset" means, for the purposes of Sections 4A-102 and 4A-103, an item that is owned and has monetary value. For the purposes of Sections 4A-102 and 4A-103, assets include, but are not limited to: stocks, bonds, sector mutual funds, sector exchange traded funds, commodity futures, investment real estate, beneficial interests in trusts, business interests, and partnership interests. For the purposes of Sections 4A-102 and 4A-103, assets do not include: personal residences; personal vehicles; savings or checking accounts; bonds, notes, or securities issued by any branch of federal, state, or local government; Medicare benefits; inheritances or bequests, other than beneficial interests in trusts; diversified funds; annuities; pensions (including government pensions); retirement accounts; college savings plans that are qualified tuition plans; qualified tax-advantaged savings programs that allow individuals to save for disability-related expenses; or tangible personal property.

(Source: P.A. 102-664, eff. 1-1-22, *emphasis added*)

Spouse includes a party to a marriage, civil union, or a registered domestic partner.

You do not need to list savings/checking accounts, CD's, notes/bonds/securities issued by a government entity, college savings plans that qualify as tuition plans, Medicare benefits, inheritances and bequests (other than beneficial interests in trusts), tangible personal property, retirement accounts, diversified investment funds, or personal residences and vehicles.

DO NOT DISCLOSE ANY DOLLAR FIGURES, VALUES FOR THESE ASSETS OR ANY ACCOUNT NUMBERS. FOR REAL ESTATE ASSETS - LIST ONLY THE CITY AND STATE WHERE THE PROPERTY IS LOCATED - DO NOT LIST THE FULL ADDRESS.

## Question #2

*2. Excluding the position for which you are required to file this form, list the source of any income in excess of \$7,500 required to be reported during the preceding calendar year. If you sold an asset that produced more than \$7,500 in capital gains in the preceding calendar year, list the name of the asset and the transaction date on which the sale or transfer took place. If you had no such sources of income or assets, list "none" below.*

Per the Statute, "Income" means, for the purposes of Sections 4A-102 and 4A-103, pension income and any income from whatever source derived, required to be reported on the filer's federal income tax return, including, but not limited to: compensation received for services rendered or to be rendered (as required to be reported on any Internal Revenue Service forms, including, but not limited to, Forms W-2, 1099, or K-1); earnings or capital gains from the sale of assets; profit; interest or dividend income from all assets; revenue from leases and rentals, royalties, prizes, awards, or barter; forgiveness of debt; and earnings derived from annuities or trusts other than testamentary trusts. "Income" does not include compensation earned for service in the position that necessitates the filing of the statement of economic interests, or investment or interest returns on items excluded from the definition of "asset", or income from the sale of a personal residence or personal vehicle.

(Source: P.A. 102-664, eff. 1-1-22; *emphasis added*)

Please list the source of income/name of asset for any income or capital gains and date sold, if applicable, reported on your federal tax return more than \$7,500. Revenue from

leases, rentals, royalties, prizes, awards, forgiveness of debt, any annuities earned from trusts in excess of \$7,500 should also be reported for this question. This includes income reported on but not limited to form 1099, W-2, and K-1.

For pension income or other income from whatever source derived, (for private practices or consulting work) just list the name of the practice or company).

DO NOT DISCLOSE ANY SPECIFIC DOLLAR AMOUNTS OR VALUES OF THESE FINANCIAL INTERESTS.

## Question #3

*3. Excluding debts incurred on terms available to the general public, such as mortgages, student loans and credit card debts, if you owed any single debt in the preceding calendar year exceeding \$10,000, list the creditor of the debt below. If you had no such debts, list "none" below.*

*List the creditor for all applicable debts owed by you, owed jointly by you with your spouse, or owed jointly by you with your minor child. In addition to the types of debts listed above, you do not need to report any debts to or from financial institutions or government agencies, such as debts secured by automobiles, household furniture or appliances, as long as the debt was made on terms available to the general public, debts to members of your family, or debts to or from a political committee registered with the Illinois State Board of Elections or any political committee, principal campaign committee, or authorized committee registered with the Federal Election Commission.*

Creditor means an individual, organization, or other business entity to whom money or its equivalent is owed, no matter whether that obligation is secured or unsecured, except that if a filer makes a loan to members of his or her family, then that filer does not, by making such a loan, become a creditor.

Debt means any money or monetary obligation owed at any time during the preceding calendar year to an individual, company, or other organization, other than a loan that is from a financial institution, government agency, or business entity and that is granted on terms made available to the general public. "Debt" includes but is not limited to: personal loans from friends or business associates, business loans made outside the lender's regular course of business, and loans made at below market rates

Family includes a filer's spouse, children, step-children, parents, step-parents, siblings, step-siblings, half-siblings, sons-in-law, daughters-in-law, grandparents, and

grandchildren, as well as the parents and grandparents of the filer's spouse, and any person living with the filer.

Any remaining debt incurred in the previous calendar year in excess of \$10,000 owed by you, you and your spouse, and you and your minor child should be listed by noting the name of the creditor.

## Question #4

*4. List the name of each unit of government of which you or your spouse were an employee, contractor, or office holder during the preceding calendar year other than the unit or units of government in relation to which the person is required to file and the title of the position or nature of the contractual services.*

Spouse includes a party to a marriage, civil union, or a registered domestic partner.

Here, you need to list the name of any unit of government and position title or nature of services for which you or your spouse were an employee, contractor, or office holder during the preceding calendar year, except for your university position (the position requiring you to file). All positions must be listed, regardless of compensation. Examples include:

- School Board
- Zoning Board
- County Board
- Park Board
- Army Guard
- Air Guard
- employment by other state agency or state university
- previously held positions with other state agencies

Do not list your position at SURS.

## Question #5

*5. If you maintain an economic relationship with a lobbyist or if a member of your family is known to you to be a lobbyist registered with any unit of government in the State of Illinois, list the name of the lobbyist below and identify the nature of your relationship*

*with the lobbyist. If you do not have an economic relationship with a lobbyist or a family member known to you to be a lobbyist registered with any unit of government in the State of Illinois, list "none" below.*

Family includes a filer's spouse, children, step-children, parents, step-parents, siblings, step-siblings, half-siblings, sons-in-law, daughters-in-law, grandparents, and grandchildren, as well as the parents and grandparents of the filer's spouse, and any person living with the filer.

For this question, list any lobbyists in which you maintain an economic relationship with. Also, list any family members who are lobbyist registered within the State of Illinois. For example, if your spouse or business partner is a lobbyist, this must be listed. You must list their name and the relationship to you: e.g., family member name, economic.

## Question #6

*6. List the name of each person, organization or entity that was the source of a gift or gifts, or honorarium or honoraria, valued singly or in the aggregate in excess of \$500 received during the preceding calendar year and the type of gift or gifts, or honorarium or honoraria, excluding any gift or gifts from a member of your family that was not known to be a lobbyist registered with any unit of government in the State of Illinois. If you had no such gifts, list "none" below.*

For this question, you must list any gift received where the value, singly or in aggregate, was greater than \$500. Honorarium or honoraria are considered gifts for the purpose of this question. You do not need to list the amount, just the name of the giver.

You do not need to list gifts from family members unless they are registered lobbyists in Illinois.

## Question #7

*7. List the name of any spouse or immediate family member living with the person making this statement employed by a public utility in this State and the name of the public utility that employs the relative.*

Family includes a filer's spouse, children, step-children, parents, step-parents, siblings, step-siblings, half-siblings, sons-in-law, daughters-in-law, grandparents, and grandchildren, as well as the parents and grandparents of the filer's spouse, and any person living with the filer.

Spouse includes a party to a marriage, civil union, or a registered domestic partner.

Utilities include electric, natural gas, telecommunications, water, and sewer.

Please reach out to Bianca Green, SURS Ethics Officer, with any questions you might have before filing your SEI. [BGreen@surs.org](mailto:BGreen@surs.org) or 217-378-8825.

*Sources: 5 ILCS 420/1-101, et. seq.; University of Illinois Ethics & Compliance office; Materials created by the Law Firm of Ancel Glink and the Illinois Municipal League.*

*April 11, 2022*

# Supplemental Statement of Economic Interest

For officers and employees subject to the jurisdiction of the Illinois Governor per Executive Order 15-09

☐ New ☐ Revision

Executive Order 15-09, "Executive Order to Ensure Ethical and Responsive Government," requires certain officers and employees to disclose and file the following information with the Executive Ethics Commission on or before May 1 of each year. Your agency has identified you as an employee or officer who is required to complete the Supplemental Statement of Economic Interest.

An electronic filing system is available for most persons filing the Supplemental Statement of Economic Interest. Use of this paper process is necessary where electronic filing is not possible, or where an electronic filing needs correction or to be supplemented. **Please contact your ethics officer if you are uncertain as to whether you should be filing electronically in lieu of paper.**

**Instructions:** Please consult guidance at [www.illinois.gov/eec/ExecutiveOrder/Pages/Home.aspx](http://www.illinois.gov/eec/ExecutiveOrder/Pages/Home.aspx). Thereafter, complete the following disclosures concerning calendar year 2021. Attach additional sheets if necessary. Return the completed, signed form by **May 2, 2022** to the Executive Ethics Commission, 401 S. Spring Street, Wm. Stratton Bldg. Room 513, Springfield, Illinois 62706.

1. During the preceding calendar year, did you, your spouse, or minor child have a financial interest of greater than 5% in any real property for which the State of Illinois is a tenant, lessor or has some other ownership or beneficial interest? If yes, disclose the address and describe the nature of your interest in the real property (Do **not** include a primary personal residence.)

Yes ☐ No ☐

If yes, give the address and describe the nature of your ownership interest:

2. During the preceding calendar year, did you hold any non-governmental position(s) with any business entity, non-profit organization, labor group, educational institution, or other entity of any type?

Yes ☐ No ☐

If yes, disclose the name of entity, the non-governmental position, the nature of compensation, and estimate whether you received no income or value, income or value of less than \$5,000, or income or value equal to or greater than \$5,000:

3. During the preceding calendar year, were you a party to, or have a financial interest in, any litigation involving the State of Illinois or any entity with a relationship with the State of Illinois?

"Entity with a relationship with the State of Illinois" means an entity that has a contract or grant or a direct pecuniary interest in a contract or grant with or from the State of Illinois. Do **not** include litigation where you were named as a plaintiff or defendant in your capacity as an employee or officer of the State of Illinois.

Yes ☐ No ☐

If yes, identify the case name(s) and the court in which such case is or was pending:



# Supplemental Statement of Economic Interest

For officers and employees subject to the jurisdiction of the Illinois Governor per Executive Order 15-09

4. Are you an officer, employee, or other individual who receives merit compensation and is exempt from the Personnel Code and from collective bargaining agreements, or are you appointed by the Governor? Yes No

If you checked "No," please proceed to the certification and submission of this form.

If you checked "Yes," do you have any relatives who are officers or employees of the Executive, Legislative or Judicial branches of the State of Illinois? "Relatives" include:

Father, mother, son, daughter, grandfather, grandmother, grandson, granddaughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, grandson-in-law, granddaughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, step-grandson, step-granddaughter, half-brother, or half-sister.

Yes ☐ No ☐

If you checked "No," please proceed to the certification and submission of this form.

If you checked "Yes," please identify the name and position of each Relative:

--

I certify to the best of my knowledge and belief the information that I provided on this Supplemental Statement of Economic Interest is a true, correct and complete statement of my economic interests as required by Executive Order 15-09.

--

(Print Name)

--

(Signature)

--

(Date)

--

(Office or position of employment for which this Statement is filed)

**40 ILCS 5/1-113.18**

**Sec. 1-113.18. 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 required under this Section shall include training on 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 for the administration of the retirement system, pension fund, or investment board. The Supreme Court of Illinois shall be responsible for ethics training and curriculum for judges designated by the Court to serve as members of a retirement system, pension fund, or investment board. Each board shall annually certify its members' compliance with this Section and submit an annual certification to the Division of Insurance of the Department of Financial and Professional Regulation. Judges shall annually certify compliance with the ethics training requirement and shall submit an annual certification to the Chief Justice of the Supreme Court of Illinois. For an elected or appointed trustee under Article 3 or 4 of this Code, fulfillment of the requirements of Section 1-109.3 satisfies the requirements of this Section.

(Source: P.A. 100-904, eff. 8-17-18.)

**5 ILCS 430/5-10****Sec. 5-10. Ethics training.**

(a) Each officer, member, and employee must complete, at least annually beginning in 2004, an ethics training program conducted by the appropriate State agency. Each ultimate jurisdictional authority must implement an ethics training program for its officers, members, and employees. These ethics training programs shall be overseen by the appropriate Ethics Commission and Inspector General appointed pursuant to this Act in consultation with the Office of the Attorney General.

(b) Each ultimate jurisdictional authority subject to the Executive Ethics Commission shall submit to the Executive Ethics Commission, at least annually, or more frequently as required by that Commission, an annual report that summarizes ethics training that was completed during the previous year, and lays out the plan for the ethics training programs in the coming year.

(c) Each Inspector General shall set standards and determine the hours and frequency of training necessary for each position or category of positions. A person who fills a vacancy in an elective or appointed position that requires training and a person employed in a position that requires training must complete his or her initial ethics training within 30 days after commencement of his or her office or employment.

(d) Upon completion of the ethics training program, each officer, member, and employee must certify in writing that the person has completed the training program. Each officer, member, and employee must provide to his or her ethics officer a signed copy of the certification by the deadline for completion of the ethics training program.

(e) The ethics training provided under this Act by the Secretary of State may be expanded to satisfy the requirement of Section 4.5 of the Lobbyist Registration Act.

(f) The ethics training provided under this Act by State agencies under the control of the Governor shall include the requirements and duties of State officers and employees under Sections 50-39, 50-40, and 50-45 of the Illinois Procurement Code.

(Source: P.A. 100-43, eff. 8-9-17.)

## **5 ILCS 430/5-10.5**

### **Sec. 5-10.5. Harassment and discrimination prevention training.**

(a) Until 2020, each officer, member, and employee must complete, at least annually, a sexual harassment training program. A person who fills a vacancy in an elective or appointed position that requires training under this Section must complete his or her initial sexual harassment training program within 30 days after commencement of his or her office or employment. The training shall include, at a minimum, the following: (i) the definition, and a description, of sexual harassment utilizing examples; (ii) details on how an individual can report an allegation of sexual harassment, including options for making a confidential report to a supervisor, ethics officer, Inspector General, or the Department of Human Rights; (iii) the definition, and description of, retaliation for reporting sexual harassment allegations utilizing examples, including availability of whistleblower protections under this Act, the Whistleblower Act, and the Illinois Human Rights Act; and (iv) the consequences of a violation of the prohibition on sexual harassment and the consequences for knowingly making a false report. Proof of completion must be submitted to the applicable ethics officer. Sexual harassment training programs shall be overseen by the appropriate Ethics Commission and Inspector General appointed under this Act.

(a-5) Beginning in 2020, each officer, member, and employee must complete, at least annually, a harassment and discrimination prevention training program. A person who fills a vacancy in an elective or appointed position that requires training under this subsection must complete his or her initial harassment and discrimination prevention training program within 30 days after commencement of his or her office or employment. The training shall include, at a minimum, the following: (i) the definition and a description of sexual harassment, unlawful discrimination, and harassment, including examples of each; (ii) details on how an individual can report an allegation of sexual harassment, unlawful discrimination, or harassment, including options for making a confidential report to a supervisor, ethics officer, Inspector General, or the Department of Human Rights; (iii) the definition and description of retaliation for reporting sexual harassment, unlawful discrimination, or harassment allegations utilizing examples, including availability of whistleblower protections under this Act, the Whistleblower Act, and the Illinois Human Rights Act; and (iv) the consequences of a violation of the prohibition on sexual harassment, unlawful discrimination, and harassment and the consequences for knowingly making a false report. Proof of completion must be submitted to the applicable ethics officer. Harassment and discrimination training programs shall be overseen by the appropriate Ethics Commission and Inspector General appointed under this Act.

For the purposes of this subsection, "unlawful discrimination" and "harassment" refer to discrimination and harassment prohibited under Section 2-102 of the Illinois Human Rights Act.

(b) Each ultimate jurisdictional authority shall submit to the applicable Ethics Commission, at least annually, or more frequently as required by that Commission, a report that summarizes the harassment and discrimination prevention training program that was completed during the previous year, and lays out the plan for the training program in the coming year. The report shall include the names of individuals that failed to complete the required training program. Each Ethics Commission shall make the reports available on its website.

(Source: P.A. 100-554, eff. 11-16-17; 101-221, eff. 8-9-19; 101-617, eff. 12-20-19.)

**20 ILCS 450/25****Sec. 25. Mandatory State employee training.**

(a) As used in this Section, "employee" has the meaning ascribed to it in Section 1-5 of the State Officials and Employees Ethics Act, but does not include an employee of the legislative branch, the judicial branch, a public university of the State, or a constitutional officer other than the Governor.

(b) Every employee shall annually undergo training by the Department of Innovation and Technology concerning cybersecurity. The Department may, in its discretion, make the training an online course. The training shall include, but need not be limited to, detecting phishing scams, preventing spyware infections and identity theft, and preventing and responding to data breaches.

(c) The Department of Innovation and Technology may adopt rules to implement the requirements of this Section.  
(Source: P.A. 100-40, eff. 1-1-18.)

**Quarterly Timesheet**  
**State Universities Retirement System**  
**Board of Trustees**

<b>DATE</b>	<b>TIME *</b>	<b>ACTIVITY</b>
	Start:	
	End:	
	Start:	
	End:	
	Start:	
	End:	
	Start:	
	End:	
	Start:	
	End:	
	Start:	
	End:	
	Start:	
	End:	

\*Calculate time to the nearest quarter hour.

**SIGNATURE** \_\_\_\_\_ **DATE** \_\_\_\_\_



# ALL ABOUT SURS





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## WHO IS SURS?

The governor and General Assembly founded the University Retirement System in 1941 as an administrator of benefits for employees of the University of Illinois. In the following years, the System grew to include other universities, colleges and affiliated agencies throughout the state. In 1963, the System adopted its current name, State Universities Retirement System (SURS). As of June 30, 2020, SURS employed 157 people at its Champaign and Naperville offices, and provided retirement, survivor, disability and death benefits to approximately 241,000 members throughout the world.

## MEMBERSHIP

SURS serves a diverse group of employees with occupations ranging from professors and teachers to clerical, building service workers and groundskeepers.

### **SURS Members do not Participate In Social Security**

Unlike many other public pension systems, SURS is the sole source of retirement income for its participants. The state/employer does not contribute to Social Security on the employee's behalf, and there is no coordinated benefit for SURS-covered employment from Social Security upon retirement.

In addition, retirees who may qualify for Social Security benefits from other, non-SURS covered employment, may be affected by the Windfall Elimination Provision or the Government Pension Offset, resulting in an offset of their Social Security benefit.

### **Benefits Paid**

SURS defined benefit plan benefit payments for fiscal year 2020 were \$2.7441 billion. \$104.4 million in refunds were also paid. The average monthly retirement annuity was \$3,456.

## BOARD OF TRUSTEES

The SURS Board of Trustees is comprised of 11 members: four appointed by the governor, four contributing members elected by the contributing members of SURS, two annuitants elected by the annuitants of SURS and the chair of the Illinois Board of Higher Education, also appointed by the governor.

### **John Atkinson**

Chairperson

Appointed

Term Expires: January 2025

### **Richard Figueroa**

Board Member

Appointed

Term Expires: June 2021

### **Steven Rock**

Board Member

Elected

Term Expires: July 2024

### **Collin Van Meter**

Vice Chairperson

Elected

Term Expires: July 2024

### **Jamie-Clare Flaherty**

Board Member

Appointed

Term Expires: June 2024

### **Antonio Vasquez**

Board Member

Elected

Term Expires: July 2021

### **John Lyons**

Treasurer

Appointed

Term Expires: July 2024

### **J. Fred Giertz**

Board Member

Elected

Term Expires: July 2021

### **Mitchell Vogel**

Board Member

Elected

Term Expires: July 2021

### **Aaron Ammons**

Board Member

Elected

Term Expires: July 2021

### **Scott Hendrie**

Board Member

Appointed

Term Expires: June 2021

## EMPLOYERS

SURS serves more than 60 employers in Illinois. Our employing agencies include public universities, community colleges and other affiliated state agencies.



Black Hawk College (Moline)	Lewis & Clark Community College (Godfrey)
Carl Sandburg College (Galesburg)	Lincoln Land Community College (Springfield)
Chicago State University	McHenry County College (Crystal Lake)
City Colleges of Chicago	Moraine Valley Community College (Palos Hills)
College of DuPage (Glen Ellyn)	Morton College (Cicero)
College of Lake County (Grayslake)	Northeastern Illinois University (Chicago)
Danville Area Community College	Northern Illinois University (DeKalb)
Eastern Illinois University (Charleston)	Northern Illinois University Foundation (DeKalb)
Elgin Community College	Oakton Community College (Des Plaines)
Governors State University (University Park)	Parkland College (Champaign)
Heartland Community College (Normal)	Prairie State College (Chicago Heights)
Highland Community College (Freeport)	Rend Lake College (Ina)
ILCS Section 15-107(l) Members (Springfield)	Richland Community College (Decatur)
ILCS Section 15-107(c) Members (Springfield)	Rock Valley College (Rockford)
Illinois Board of Examiners (Naperville)	Sauk Valley College (Dixon)
Illinois Board of Higher Education (Springfield)	Shawnee College (Ullin)
Illinois Central College (Peoria)	South Suburban College (South Holland)
Illinois Community College Board (Springfield)	Southeastern Illinois College (Harrisburg)
Illinois Community College Trustee Association (Springfield)	Southern Illinois University – Carbondale
Illinois Department of Innovation and Technology (Springfield)	Southern Illinois University – Edwardsville
Illinois Eastern Community Colleges	Southwestern Illinois College (Belleville)
Illinois Mathematics and Science Academy (Aurora)	Spoon River College (Canton)
Illinois State University (Normal)	State Universities Civil Service System (Urbana)
Illinois Valley Community College (Oglesby)	State Universities Retirement System (Champaign)
John A. Logan College (Carterville)	Triton College (River Grove)
John Wood Community College (Quincy)	University of Illinois – Chicago
Joliet Junior College	University of Illinois – Springfield
Kankakee Community College	University of Illinois – Urbana-Champaign
Kaskaskia College (Centralia)	University of Illinois Alumni Association (Urbana)
Kishwaukee College (Malta)	University of Illinois Foundation (Urbana)
Lake Land College (Mattoon)	Waubensee Community College (Sugar Grove)
	Western Illinois University (Macomb)
	William Rainey Harper College (Palatine)

## SURS RETIREMENT PLANS

The State Universities Retirement System of Illinois (SURS) provides retirement, disability, death and survivor benefits to eligible SURS participants and annuitants. SURS members must choose one of three retirement options: the Traditional Pension Plan, the Portable Pension Plan, or the Retirement Savings Plan (RSP) – formerly the Self-Managed Plan (SMP). The choice is permanent and cannot be changed. Information is sent to all new members and an interactive plan choice website is available to help them make their choice. If a new member fails to choose within six months, they will be permanently enrolled in the Traditional Pension Plan.

### Defined Benefit Plans

The SURS Traditional Pension Plan is the historical SURS defined benefit retirement plan. Until 1998, it was the only SURS plan available. It provides lifetime retirement benefits and provides for a survivor benefit at no additional cost. However, the separation refund feature is not generous. The SURS Portable Pension Plan is also a defined benefit retirement plan that has much in common with the Traditional Pension Plan. It provides a more generous separation refund if the member leaves the System. However, the provisions for survivor benefits require a reduction to the retirement and death benefits.

### Defined Contribution Plan

The Retirement Savings Plan (RSP) is SURS core defined contribution plan that establishes an account in the member's name into which the member's contributions and the employer (state of Illinois) contributions are placed. The member decides how the account balance will be invested, selecting from SURS core fund lineup or SURS Lifetime Income Strategy (LIS) a target date portfolio that will provide guaranteed monthly retirement income for life.

### Supplemental Savings Plan

The SURS Deferred Compensation Plan (DCP) is a supplemental 457(b) savings plan available to members through participating SURS employers. Participation is voluntary. Members enroll through SURS secure Member Website and choose their contribution rate, investments and beneficiaries. Investment options include the SURS Lifetime Income Strategy that is designed to help members generate additional monthly income in retirement. Contributions are automatically deducted from participants' paychecks. The DCP was created in accordance with Illinois Public Act 100-769.

### Public Act 96-889

Gov. Quinn signed Senate Bill 1946 (Public Act 96-889) into law on April 14, 2010. The resulting changes to the Illinois Pension Code modify SURS benefits for employees hired on or after Jan. 1, 2011. Members who first become participants of the System on or after Jan. 1, 2011, are considered Tier II members. Members who first became participants of the System prior to Jan. 1, 2011, are Tier I members. See the comparison chart on Page 5 for details.

### Public Act 98-599

Gov. Quinn signed Senate Bill 1 (Public Act 98-599) into law on Dec. 5, 2013. The resulting changes to the Illinois Pension Code modify SURS benefits for Tier I members, effective June 1, 2014.

On May 14, 2014, Circuit Judge John Belz granted a temporary restraining order and a preliminary injunction stopping the implementation of PA 98-599. In accordance with the order, SURS continued to administer contributions and benefits as the law existed prior to amendment by PA 98-599 until otherwise ordered by the court.

On Nov. 21, 2014, Judge Belz entered a final declaratory judgment that "Public Act 98-0599 is unconstitutional and void in its entirety." The court also ordered that the preliminary injunction preventing state defendants (including SURS) from implementing the Act since May 14, 2014, become permanent. The Illinois Attorney General appealed the circuit court's ruling and on March 11, 2015, defended the law before the Illinois Supreme Court. On May 8, 2015, the Illinois Supreme Court ruled PA 98-599 unconstitutional.

## Public Act 100-23

The Illinois General Assembly on July 6, 2017, successfully voted to override Gov. Rauner's veto and passed SB 42 (Public Act 100-23) that mandates SURS, SERS and TRS to create an optional hybrid retirement plan that when implemented will be available to current Tier II members and future new hires. The new plan will not affect benefits of Tier I members, retirees or RSP members.

Policy decisions must be made by the General Assembly through subsequent legislation in order for SURS to implement the Optional Hybrid Plan.

SB 42 contains two changes that took effect in fiscal year 2018:

- It requires employers to pay the employer normal cost on the portion of an employee's earnings that is in excess of the governor's salary (currently \$181,700 ).
- It requires the cost or savings of any change in actuarial assumptions made since the 2012 valuation to be "smoothed" (or implemented in equal annual installments) over a five-year period from when the change first applied.

## RETIRING RECIPROCALLY

The Illinois Retirement Systems Reciprocal Act gives retiring Illinois public employees the option to use service credit earned from other eligible public retirement systems toward a benefit calculated based upon combined pension service between funds. Find out more at [www.surs.org](http://www.surs.org).



## RECIPROCAL SYSTEMS

### Chicago Teachers' Pension Fund

203 N. LaSalle Street, Suite 2600  
Chicago, IL 60601-1210  
Tel. (312) 641-4464 Fax (312) 641-7185  
[www.ctpf.org](http://www.ctpf.org)

### County Employees' Annuity & Benefit Fund of Cook County

33 North Dearborn Street, Suite 1000  
Chicago, IL 60602-3103  
Tel. (312) 603-1200 Fax (312) 603-9760

### Forest Preserve District Employees' Annuity & Benefit Fund of Cook County

33 North Dearborn Street, Suite 1000  
Chicago, IL 60602-3103  
Tel. (312) 603-1200 Fax (312) 603-9760

### General Assembly Retirement System

2101 South Veterans Parkway – P.O. Box 19255  
Springfield, IL 62794-9255  
Tel. (217) 782-8500 Fax (217) 557-5154  
[www.srs.illinois.gov](http://www.srs.illinois.gov)

### Illinois Municipal Retirement Fund

2211 York Road, Suite 500  
Oak Brook, IL 60523-2337  
Tel. 800-275-4673 Fax (630) 368-5399  
[www.imrf.org](http://www.imrf.org)

### Judges' Retirement System

2101 South Veterans Parkway – P.O. Box 19255  
Springfield, IL 62794-9255  
Tel. (217) 782-8500 Fax (217) 557-5154  
[www.srs.illinois.gov](http://www.srs.illinois.gov)

### Laborers' Annuity & Benefit Fund of Chicago

321 North Clark Street, Suite 1300  
Chicago, IL 60654-4739  
Tel. (312) 236-2065 Fax (312) 236-0574  
[www.labfchicago.org](http://www.labfchicago.org)

### Metropolitan Water Reclamation District Retirement Fund

111 East Erie, Suite 330  
Chicago, IL 60611-2898  
Tel. (312) 751-3222 Fax (312) 751-5699  
[www.mwrd.org](http://www.mwrd.org)

### Municipal Employees' Annuity & Benefit Fund of Chicago

321 North Clark Street, Suite 700  
Chicago, IL 60654-4767  
Tel. (312) 236-4700 Fax (312) 527-0192  
[www.meabf.org](http://www.meabf.org)

### Park Employees' Annuity & Benefit Fund of Chicago

55 East Monroe Street, Suite 2720  
Chicago, IL 60603-5713  
Tel. (312) 553-9265 Fax (312) 553-9114  
[www.chicagoparkpension.org](http://www.chicagoparkpension.org)

### State Employees' Retirement System of Illinois

2101 South Veterans Parkway – P.O. Box 19255  
Springfield, IL 62794-9255  
Tel. (217) 785-7444 Fax (217) 524-2293  
[www.srs.illinois.gov/SERS/Home\\_sers.htm](http://www.srs.illinois.gov/SERS/Home_sers.htm)

### Teachers' Retirement System

2815 West Washington Street – P.O. Box 19253  
Springfield, IL 62794-9253  
Tel. 877-927-5877 Fax (217) 753-0394  
[www.trsil.org](http://www.trsil.org)



# RETIREMENT PLANS

## Two-Tiered System – 401(a), non-ERISA

	Tier I – Traditional & Portable Plan Members First Employed Before Jan. 1, 2011	Tier II – Traditional & Portable Plan Members First Employed Jan. 1, 2011 or after	Tier I & Tier II Retirement Savings Plan
Employee Contributions	8% of pensionable earnings	8% of pensionable earnings	8% of pensionable earnings
Minimum Vesting	5 years of service	10 years of service	5 years of service
Retirement Age Requirements	Age 62, with at least 5 years of service Age 55, with at least 8 years of service (age reduction of 0.5% for each month under age 60 at retirement may apply) At any age, with at least 30 years of service	Age 67, with at least 10 years of service Age 62, with reduction for age, with at least 10 years of service (age reduction of 0.5% for each month under age 67 at retirement will apply)	Age 62, with at least 5 years of service Age 55, with at least 8 years of service At any age, with at least 30 years of service Age reduction is not applicable to RSP.
Retirement Benefits	Greater of the benefits computed under SURS General Formula, Minimum Annuity calculation and Money Purchase calculation. (The Money Purchase calculation is not available to members who certified on or after 7/1/2005.)	Greater of the benefits computed under SURS General Formula and Minimum Annuity calculation.	Account established in member name. Member decides how to invest using a variety of investment options including the default option, SURS Lifetime Income Strategy (LIS). Future retirement benefits are based on account balance or the amount of income secured through the LIS at retirement time.
Pensionable Earnings/Contribution Limits	IRS limits apply for members hired after 7/1/1996. FY2021 earnings limit is \$285,000. FY2022 earnings limit is \$290,000.	Limited to a maximum earnings of \$115,928.92 for FY2021 and \$116,740.42 for 2022. Increases annually thereafter by the lesser of 3% or ½ the Consumer Price Index (CPI) change the preceding year.	IRS limits apply. FY2021 earnings limit is \$285,000. FY2022 earnings limit is \$290,000. Calendar year 2021 contribution limit is \$58,000.
Final Average Earnings (FAE)	Average earnings during 4 highest consecutive academic years or the average of the last 48 months prior to termination (if applicable).	Average earnings during the 8 highest consecutive academic years of the last 10 or average earnings of the highest 96 consecutive months during the last 120 months of service.	Not applicable
FAE Limits	Limited to 20% year-over-year increases in earnings for years in the FAE period.	Limited to 20% year-over-year increases in earnings for years in the FAE period.	Not applicable
Retirement Benefit AAI (Automatic Annual Increase)	3%, compounded annually.	Lesser of 3% or ½ the CPI change. Increase is not compounded and is delayed until the later of Jan. 1 following first anniversary of retirement.	No AAI. However, if you invest in the SURS LIS, you have the potential to benefit from market gains after retirement, which can increase your monthly withdrawal amount.
Survivor Benefits	Eligible Traditional Plan survivor receives minimum of 50% of a member's earned retirement annuity. Portable Plan member benefits may be reduced to provide a benefit to a spouse or contingent annuitant.	Eligible Traditional Plan survivor receives minimum of 60⅔% of a member's earned retirement annuity. Portable Plan member benefits may be reduced to provide a benefit to a spouse or contingent annuitant.	You can choose to provide a survivor benefit. Your monthly retirement benefit will be reduced to cover the cost of providing a survivor benefit.
Survivor AAI	3%, compounded annually.	Traditional Plan increase is calculated using the lesser of 3% or ½ the CPI change. It is not compounded. Portable Plan is 3% compounded annually.	If a member retires with the SURS LIS and provides a 100% Joint and Survivor benefit, the survivor has the potential to benefit from market gains that could increase the monthly withdrawal amount.

Important - Police/Firefighters may qualify for special contribution rates, eligibility requirements and retirement calculations. This chart is only a brief overview and should not be considered a substitute for the information in the SURS Member Guides or the provisions of the law set forth in Articles 1, 15 and 20 of the Illinois Pension Code.

## RECENT LEGISLATION AFFECTING SURS MEMBERS

### Public Act 100-587

#### Accelerated Pension Benefit Buyouts

Public Act 100-587 created two types of accelerated pension benefit buyout options under SURS: (1) an accelerated pension benefit buyout in lieu of a pension benefit for Tier I and Tier II vested, inactive members and (2) an accelerated pension benefit buyout for Tier I members who accept reduced and delayed automatic annual increases in retirement and survivor's annuities.

The SURS board implemented the buyout options on June 10, 2019; they are available until June 30, 2024.

#### Accelerated Pension Benefit Buyout for Tier I and Tier II Vested, Inactive Members

This buyout offers each eligible person the opportunity to irrevocably elect to receive a lump-sum payment equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit from SURS.

To be eligible for the accelerated pension benefit buyout, the person must: (1) have terminated service; (2) have accrued sufficient service credit necessary for retirement (i.e., five years for Tier I members and 10 years for Tier II members); (3) have not received a retirement annuity under SURS; (4) have not made the election as a Tier I member to accept a reduced and delayed automatic annual increase in retirement in exchange for an accelerated pension benefit buyout; and (5) not be a participant in the Retirement Savings Plan. The accelerated pension benefit payment must be deposited into a tax qualified retirement plan or account identified by the eligible person at the time of the election.

A person who elects to receive an accelerated pension benefit buyout cannot elect to proceed under the Retirement Systems Reciprocal Act with respect to service under SURS. Upon payment of an accelerated pension benefit buyout from SURS, the person forfeits all accrued rights and credits in SURS and no other benefit can be paid from SURS based on those forfeited rights and credits. However, an eligible person who receives an accelerated pension benefit buyout may still be eligible for any applicable retiree health insurance benefits.

If a person who has received an accelerated pension benefit buyout from SURS returns to participation under SURS, any benefits under SURS earned as a result of that return to participation must be based solely on his or her credits and creditable service arising from the return to participation. Upon return to participation, the person must be considered a new employee subject to all of the qualifying conditions for participation and eligibility for benefits applicable to new employees. The accelerated pension benefit buyout cannot be repaid to SURS, and the forfeited rights and credits cannot under any circumstances be reinstated.

#### Accelerated Pension Benefit Buyout for Tier I Members at Retirement

This buyout offers each eligible person the opportunity to irrevocably elect to receive a lump-sum payment in exchange for reduced and delayed automatic annual increases in retirement and survivor's annuities.

The lump-sum payment is an amount equal to 70% of the difference of: (1) the present value of Tier I automatic annual increases in the retirement and survivor's annuities; and (2) the present value of the reduced and delayed automatic annual increases in the retirement and survivor's annuities. The automatic annual increases in the retirement and survivor's annuities are calculated at 1.5% of the originally granted annuity (non-compounded). They begin on the Jan. 1 occurring on or after the later of age 67 or the first anniversary of the retirement annuity start date and on the Jan. 1 occurring after the first anniversary of the survivor's annuity start date, respectively.

To be eligible for the accelerated pension benefit, the person must: (1) be a Tier I member; (2) have submitted an application for a retirement annuity from SURS; (3) meet the age and service credit requirements necessary for retirement under SURS (i.e., be any age with 30 years of service credit, age 55 with

eight years of service credit, age 62 with five years of service credit, or meet the special vesting for the Police/Fire formula); (4) have not received a retirement annuity under SURS; (5) have not made the election to receive an accelerated pension benefit payment in lieu of any pension benefit from SURS; and (6) not be a participant in the Retirement Savings Plan. The accelerated pension benefit payment must be deposited into a tax qualified retirement plan or account identified by the eligible person at the time of election.

If an annuitant who has received an accelerated pension benefit buyout from SURS returns to participation under SURS, then the calculation of any future automatic annual increase in retirement annuity must be calculated at the reduced and delayed rate. The accelerated pension benefit buyout cannot be repaid to SURS.

### **Funding and Payment of Accelerated Pension Benefit Buyouts**

Public Act 100-587 authorizes the issuance of \$1 billion in State Pension Obligation Acceleration Bonds for the purpose of making accelerated pension benefit payments under SERS, SURS and TRS. The proceeds of the bonds, minus the amounts for bond sale expenses, must be deposited directly into the State Pension Obligation Acceleration Bond Fund.

SURS must submit vouchers to the state comptroller for payment of accelerated pension benefit payments. The state comptroller must pay the amounts of the vouchers from the State Pension Obligation Acceleration Bond Fund to SURS, and SURS must deposit the amounts into the applicable tax qualified plans or accounts.

### **Public Act 100-769**

#### **Defined Contribution Benefit**

Public Act 100-769 requires SURS to offer a supplemental defined contribution plan to active members of the System. SURS began offering this plan, referred to as the SURS Deferred Compensation Plan (DCP), on March 1, 2021. Employers are required to adopt the plan before June 30, 2021.

The defined contribution plan must be an optional benefit to any member who chooses to participate. The defined contribution plan must collect optional employee and optional employer contributions into an account and offer investment options to the participant. The plan must be operated in full compliance with any applicable state and federal laws, and SURS must utilize generally accepted practices in creating and maintaining the benefit for the best interest of the participants.

The defined contribution plan will allow employees to make pre-tax contributions through low-cost, efficient investment options approved by SURS in order to save more for retirement, which will be especially helpful for Tier II members who have a reduced defined benefit plan.





## HISTORY OF STATE CONTRIBUTIONS

Previous Governmental Accounting Standards Board (GASB) requirements provided guidance on how to determine the Annual Required Contribution (ARC) (defined under GASB Statements 25 and 27) for a retirement plan. This ARC was the sum of the normal cost and amortization of the unfunded accrued liability. GASB Statements 67 and 68, which replace GASB Statements 25 and 27, no longer use the ARC. The ARC will now be defined as the Actuarially Determined Contribution (ADC) net of member contributions. Measuring the Actual Employer Contribution (Statutory Contribution) against a funding policy (such as the ARC/ADC) helps evaluate the funding adequacy of the actual statutory contribution funding method. The chart below provides an interesting comparison of the state contribution over the years as a percent of the net state ADC.

**History of State Contributions (Defined Benefit – in millions)**

Fiscal Year	Total Actuarially Determined Contribution	Member Contributions	Net State/ Employer ADC	Employer/Non-Employer Entity Contribution	State Contribution as % of Net ADC
2000	547.8	222.5	325.3	241.1	74.1
2001	548.1	221.6	326.5	247.1	75.7
2002	686.9	251.6	435.3	256.1	58.8
2003	843.8	246.3	597.5	285.3	47.7
2004	934.8	243.8	691.0	1,757.5	254.4
2005	859.7	251.9	607.8	285.4	47.0
2006	914.9	252.9	662.0	180.0	27.2
2007	968.3	262.4	705.9	261.1	37.0
2008	971.6	264.1	707.5	344.9	48.8
2009	1,147.3	273.3	874.0	451.6	51.7
2010	1,278.3	275.0	1,003.3	696.6	69.4
2011	1,519.2	260.2	1,259.0	773.6	61.4
2012	1,701.6	258.2	1,443.3	985.8	68.3
2013	1,794.4	245.1	1,549.3	1,401.5	90.5
2014	1,843.6	283.1	1,560.5	1,502.9	96.3
2015	1,890.3	267.7	1,622.7	1,528.5	94.2
2016	2,090.0	278.9	1,811.1	1,582.3	87.4
2017	2,143.4	278.6	1,864.8	1,650.6	88.5
2018	2,144.7	282.7	1,862.0	1,607.9	86.4
2019	2,519.4	280.0	2,239.4	1,642.2	73.3
2020	2,581.4	282.4	2,299.0	1,838.8	80.0

**SURS Cash Flow (Defined Benefit)**

	2017	2018	2019	2020
State Contributions	\$1,612,164,501	\$1,568,220,976	\$1,592,639,155	\$1,785,817,785
Employer Contributions	\$38,386,209	\$39,659,344	\$49,415,109	\$52,968,295
Employee Contributions	\$278,642,830	\$282,726,126	\$280,017,618	\$282,367,290
Total Contributions	\$1,929,193,540	\$1,890,606,446	\$1,922,071,882	\$2,121,153,370
Benefit Payments/Expense	\$2,444,313,983	\$2,554,179,979	\$2,655,612,184	\$2,763,663,492
Net Non-Investment Cash Flow	(\$515,120,443)	(\$663,573,533)	(\$733,540,302)	(\$642,510,122)



## FISCAL YEAR 2021 CONTRIBUTION

The state contribution to SURS for FY 2021 is \$2,101,279,000. Contributions to the five state retirement systems is \$10,445,930,973.

## CONSEQUENCES OF UNDERFUNDING

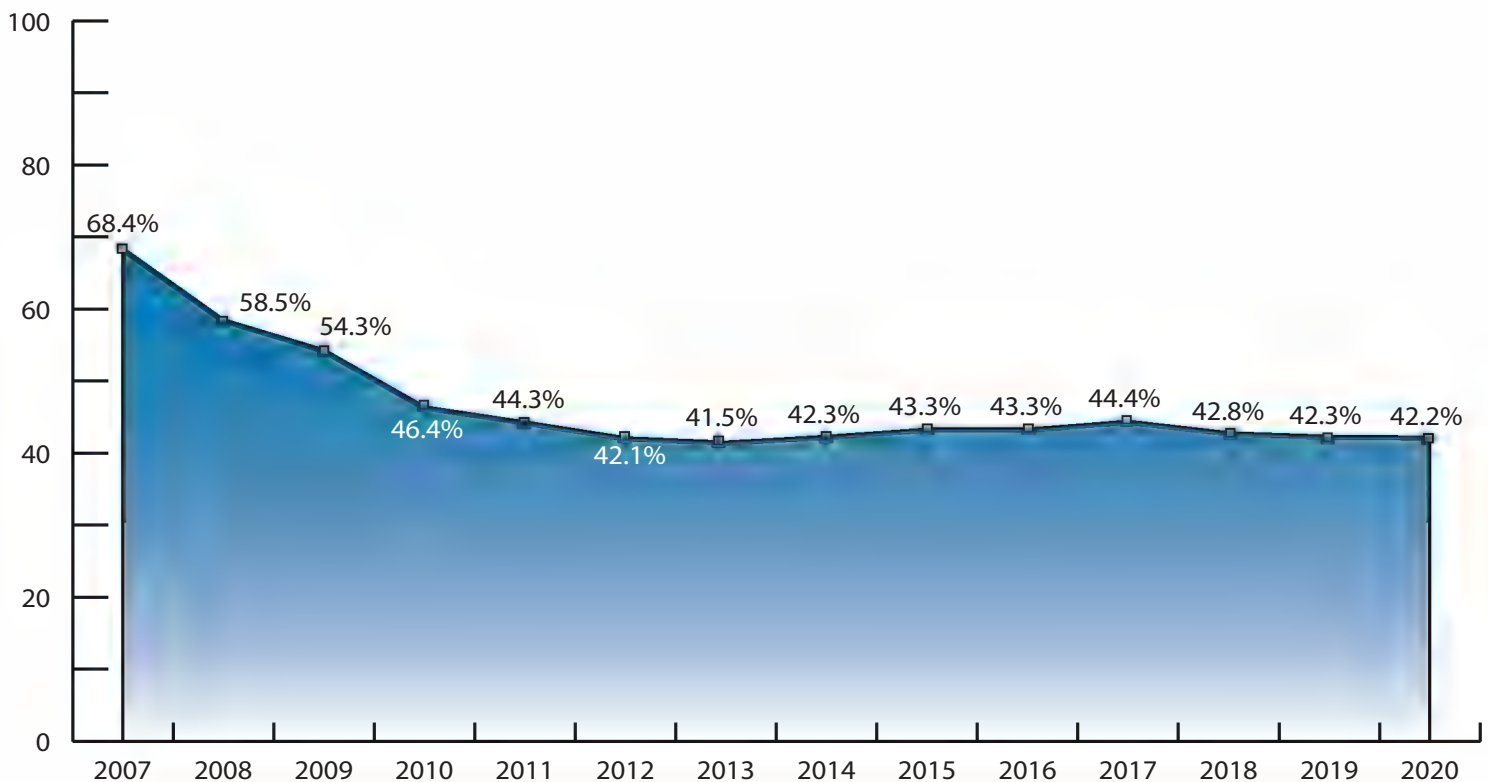
Historical underfunding of the five state retirement systems has positioned Illinois as one of the worst in the nation in pension funding. As of June 30, 2020, unfunded liabilities for the five state retirement systems totaled more than \$141 billion and the systems were 40.4% funded based on an actuarial value of assets. SURS unfunded actuarial liabilities totaled \$27.5 billion, and SURS was 42.2% funded based on an actuarial value of assets.

Pension funding has a significant impact on the fiscal stability of the state. Continual funding of the systems' certified contributions ensures stable increases in contributions from year to year.

Failure to appropriate any year's certified contribution increases the systems' unfunded liabilities and increases long-term costs to the state. Bond rating agencies continually highlight the systems' unfunded liabilities as reason for downgrades in the state's bond rating. Lower bond ratings significantly impact the state's cost of issuing potential debt.

### Historical Funding Ratios

Starting with fiscal year 2009, the funding ratios were calculated using the actuarial value of assets. Prior to FY 2009, the market value of assets were used.



### Funding Projections for SURS (in Millions)

This chart shows the projected total state contributions through fiscal year 2045, based upon current actuarial assumptions and the June 30, 2020, actuarial valuation.

Fiscal Year	Annual Payroll*	Total State Contributions**	State Contribution as a % of Payroll	Total Employee Contribution	Actuarial Accrued Liabilities	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities	Funded Ratio
2020	\$4,583.91	\$1,838.79	40.11%	\$282.37	\$47,580.47	\$20,091.68	\$27,488.80	42.23%
2021	\$4,819.59	\$1,954.57	40.55%	\$294.59	\$48,480.24	\$20,672.64	\$27,807.61	42.64%
2022	\$4,892.99	\$2,055.98	42.02%	\$296.40	\$49,366.68	\$21,179.34	\$28,187.34	42.90%
2023	\$4,981.96	\$2,126.72	42.69%	\$299.13	\$50,199.05	\$21,665.11	\$28,533.95	43.16%
2024	\$5,080.89	\$2,205.97	43.42%	\$302.60	\$50,975.09	\$22,207.46	\$28,767.63	43.57%
2025	\$5,184.63	\$2,258.32	43.56%	\$306.40	\$51,685.21	\$22,898.33	\$28,786.88	44.30%
2026	\$5,293.15	\$2,316.26	43.76%	\$310.56	\$52,327.66	\$23,591.87	\$28,735.79	45.08%
2027	\$5,406.41	\$2,365.62	43.76%	\$315.07	\$52,897.83	\$24,278.40	\$28,619.43	45.90%
2028	\$5,525.38	\$2,413.26	43.68%	\$319.99	\$53,397.80	\$24,961.59	\$28,436.21	46.75%
2029	\$5,648.06	\$2,463.41	43.62%	\$325.14	\$53,821.94	\$25,642.56	\$28,179.38	47.64%
2030	\$5,773.80	\$2,510.85	43.49%	\$330.46	\$54,160.99	\$26,314.26	\$27,846.74	48.59%
2031	\$5,903.13	\$2,560.98	43.38%	\$335.90	\$54,413.99	\$26,983.74	\$27,430.25	49.59%
2032	\$6,039.84	\$2,620.49	43.39%	\$341.66	\$54,587.79	\$27,673.04	\$26,914.74	50.69%
2033	\$6,183.59	\$2,688.95	43.49%	\$347.78	\$54,685.45	\$28,400.42	\$26,285.03	51.93%
2034	\$6,332.78	\$2,808.30	44.35%	\$354.18	\$54,708.21	\$29,226.43	\$25,481.78	53.42%
2035	\$6,486.23	\$2,876.35	44.35%	\$360.77	\$54,656.66	\$30,109.96	\$24,546.70	55.09%
2036	\$6,644.49	\$2,946.53	44.35%	\$367.60	\$54,611.36	\$31,142.41	\$23,468.95	57.03%
2037	\$6,807.16	\$3,018.67	44.35%	\$374.61	\$54,506.65	\$32,269.55	\$22,237.10	59.20%
2038	\$6,975.12	\$3,093.15	44.35%	\$381.85	\$54,344.91	\$33,506.09	\$20,838.82	61.65%
2039	\$7,148.36	\$3,169.98	44.35%	\$389.42	\$54,134.28	\$34,872.73	\$19,261.55	64.42%
2040	\$7,327.37	\$3,249.36	44.35%	\$397.24	\$53,882.05	\$36,389.96	\$17,492.08	67.54%
2041	\$7,513.88	\$3,332.07	44.35%	\$405.47	\$53,598.67	\$38,082.71	\$15,515.95	71.05%
2042	\$7,706.50	\$3,417.49	44.35%	\$414.00	\$53,299.27	\$39,980.47	\$13,318.80	75.01%
2043	\$7,904.56	\$3,505.32	44.35%	\$422.82	\$52,996.41	\$42,111.20	\$10,885.22	79.46%
2044	\$8,106.90	\$3,595.05	44.35%	\$431.84	\$52,700.18	\$44,501.23	\$8,198.96	84.44%
2045	\$8,313.29	\$3,686.57	44.35%	\$440.98	\$52,422.71	\$47,180.44	\$5,242.27	90.00%

\* Payroll shown is pensionable pay and includes RSP payroll. It does not include amounts in excess of the pay caps applicable to members in the Tier II and Optional Hybrid Plan participating in the Traditional and Portable plans.

\*\* Excludes RSP contributions. Includes employer contributions.

## SURS INVESTMENT PROGRAM HISTORY

SURS has been developing its investment program since the early 1980s, when Illinois, like many other states, changed its laws to allow the state pension funds to adopt modern investment practices. At the same time, the new laws established a high standard of fiduciary responsibility, namely adopting the prudent expert rule. Those changes permitted the investment program to modernize, resulting in strong performance and growth in assets. During this same period, funding by the state of Illinois fell far short of both the actuarial and statutory requirements, missing an opportunity for SURS to significantly reduce, if not eliminate, its unfunded liability.

### How has SURS done in relation to the market?

	1 year	3 years	5 years	10 years	20 years	25 years
SURS*	2.6%	5.6%	5.8%	8.5%	5.6%	7.7%
Benchmark	2.0%	5.5%	5.8%	8.5%	5.6%	7.5%

\*Net of investment management fees. As of June 30, 2020.

Current performance information is available at [www.surs.org/investments](http://www.surs.org/investments).

SURS assumed rate of return is 6.75%.

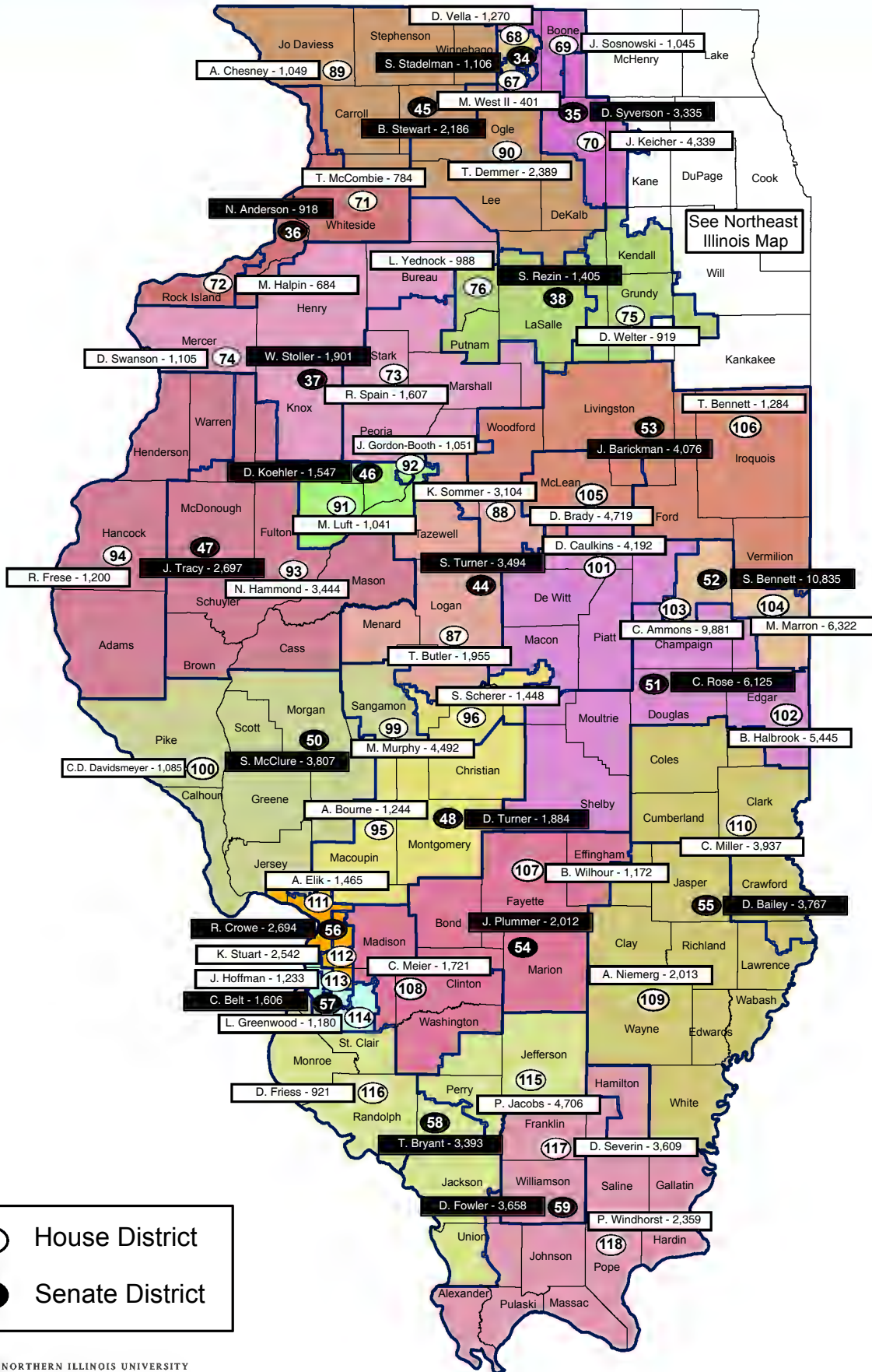
## Asset Allocation Targets

(As of July 2020)



Descriptions of asset classes can be found at [www.surs.org/investments](http://www.surs.org/investments)

# ILLINOIS LEGISLATIVE DISTRICTS



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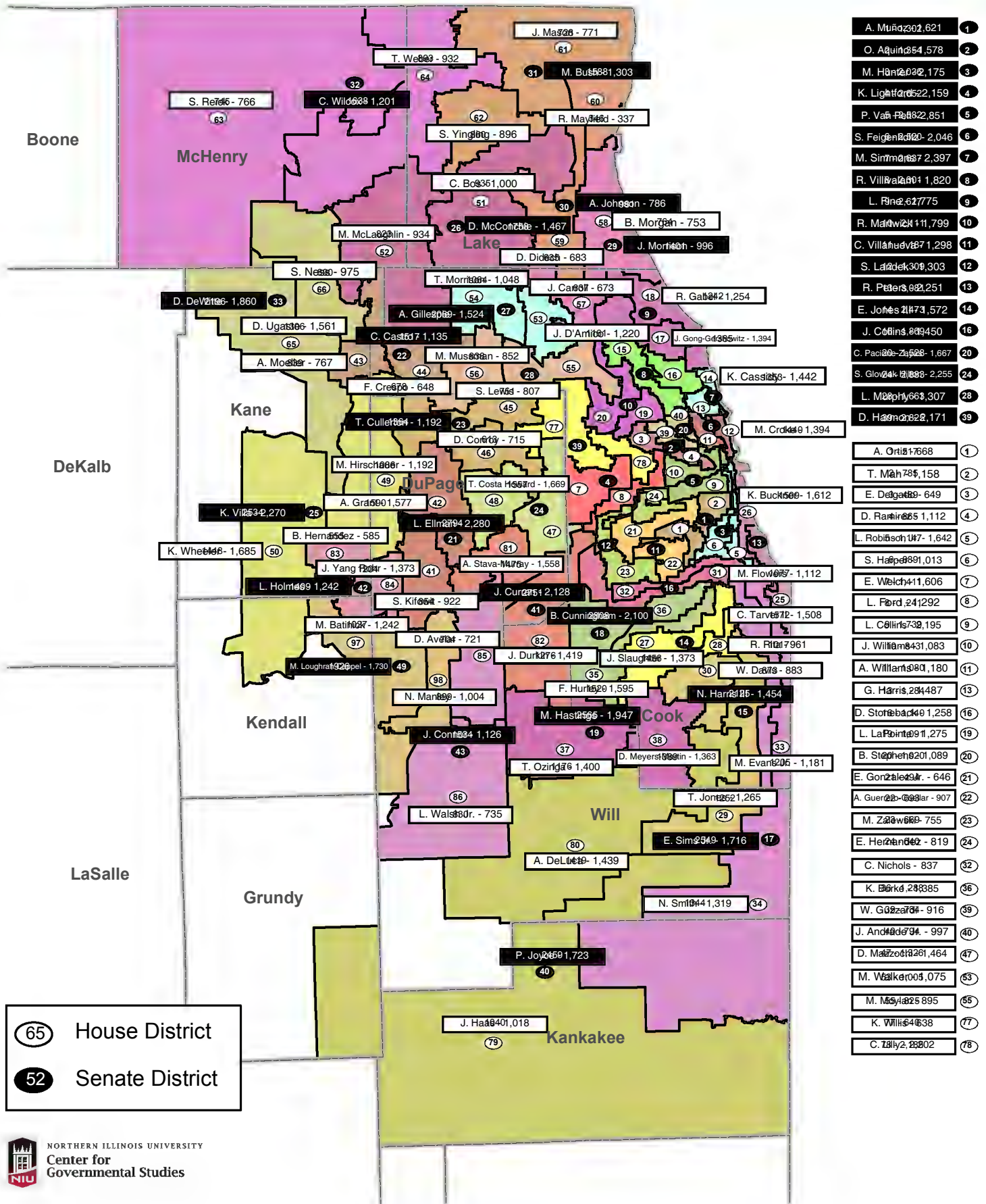
House District

52

Senate District



# NORTHEAST ILLINOIS LEGISLATIVE DISTRICTS



# SURS MEMBERSHIP COUNTS AND NET BENEFITS BY SENATE DISTRICT

District	Senator	All SURS Members*	Active & Inactive*	Benefit Recipients*	Annual Net Benefits*
1	Antonio Muñoz	1,621	205	1,826	\$6,204,320
2	Omar Aquino	1,578	183	1,761	\$5,204,456
3	Mattie Hunter	2,175	480	2,655	\$17,838,449
4	Kimberly A. Lightford	2,159	739	2,898	\$27,039,551
5	Patricia Van Pelt	2,851	427	3,278	\$17,176,892
6	Sara Feigenholtz	2,046	528	2,574	\$24,993,917
7	Mike Simmons	2,397	532	2,929	\$19,567,191
8	Ram Villivalam	1,820	658	2,478	\$23,551,982
9	Laura Fine	1,775	873	2,648	\$40,380,198
10	Robert F. Martwick	1,799	565	2,364	\$18,078,659
11	Celina Villanueva	1,298	255	1,553	\$8,283,360
12	Steven M. Landek	1,303	271	1,574	\$7,886,065
13	Robert Peters	2,251	869	3,120	\$34,130,745
14	Emil Jones, III	1,572	762	2,334	\$21,848,741
15	Napoleon Harris, III	1,454	694	2,148	\$20,794,115
16	Jacqueline Y. Collins	1,450	499	1,949	\$13,946,442
17	Elgie R. Sims, Jr.	1,716	784	2,500	\$22,788,366
18	Bill Cunningham	2,100	880	2,980	\$30,616,139
19	Michael E. Hastings	1,947	816	2,763	\$26,207,400
20	Cristina H. Pacione-Zayas	1,667	246	1,913	\$7,944,712
21	Laura Ellman	2,280	670	2,950	\$22,619,255
22	Cristina Castro	1,135	280	1,415	\$7,490,086
23	Thomas Cullerton	1,192	330	1,522	\$10,564,612
24	Suzy Glowiak Hilton	2,255	878	3,133	\$33,650,255
25	Karina Villa	2,270	607	2,877	\$18,834,068
26	Dan McConchie	1,467	467	1,934	\$15,667,354
27	Ann Gillespie	1,524	599	2,123	\$18,956,865
28	Laura M. Murphy	1,307	440	1,747	\$13,737,141
29	Julie A. Morrison	996	430	1,426	\$16,786,798
30	Adriane Johnson	786	234	1,020	\$7,811,029
31	Melinda Bush	1,303	364	1,667	\$12,304,693
32	Craig Wilcox	1,201	497	1,698	\$15,288,797
33	Donald P. DeWitte	1,860	676	2,536	\$22,157,364
34	Steve Stadelman	1,106	565	1,671	\$14,474,378
35	Dave Syverson	3,335	2,050	5,385	\$71,567,478
36	Neil Anderson	918	550	1,468	\$14,353,834
37	Win Stoller	1,901	811	2,712	\$20,744,962
38	Sue Rezin	1,405	502	1,907	\$12,256,775
39	Don Harmon	2,171	671	2,842	\$26,744,593
40	Patrick J. Joyce	1,723	735	2,458	\$23,054,040
41	John F. Curran	2,128	849	2,977	\$33,778,228
42	Linda Holmes	1,242	265	1,507	\$7,166,859
43	John Connor	1,126	330	1,456	\$10,042,725
44	Sally J. Turner	3,494	1,565	5,059	\$41,609,039
45	Brian W. Stewart	2,186	1,252	3,438	\$35,480,155
46	David Koehler	1,547	545	2,092	\$12,944,076
47	Jil Tracy	2,697	1,947	4,644	\$62,378,985
48	Doris Turner	1,884	808	2,692	\$19,637,450
49	Meg Loughran Cappel	1,730	516	2,246	\$14,585,136
50	Steve McClure	3,807	1,770	5,577	\$50,057,241
51	Chapin Rose	6,125	3,512	9,637	\$121,264,055
52	Scott M. Bennett	10,835	5,370	16,205	\$228,473,247
53	Jason A. Barickman	4,076	1,927	6,003	\$67,017,658
54	Jason Plummer	2,012	881	2,893	\$20,106,629
55	Darren Bailey	3,767	2,183	5,950	\$64,966,347
56	Rachelle Crowe	2,694	1,313	4,007	\$41,690,101
57	Christopher Belt	1,606	807	2,413	\$18,393,369
58	Terri Bryant	3,393	2,234	5,627	\$78,062,680
59	Dale Fowler	3,658	2,310	5,968	\$67,940,190
	Totals	129,121	54,006	183,127	\$1,789,140,247

# SURS MEMBERSHIP COUNTS AND NET BENEFITS BY HOUSE DISTRICT

District	Representative	All SURS Members*	Active & Inactive*	Benefit Recipients*	Annual Net Benefits*
1	Aaron M. Ortiz	668	567	101	\$3,033,326
2	Theresa Mah	1,158	1,054	104	\$3,170,994
3	Eva Dina Delgado	649	553	96	\$2,275,554
4	Delia C. Ramirez	1,112	1,025	87	\$2,928,902
5	Lamont J. Robinson, Jr.	1,642	1,328	314	\$11,478,152
6	Sonya M. Harper	1,013	847	166	\$6,360,298
7	Emanuel Chris Welch	1,606	1,185	421	\$16,024,002
8	La Shawn K. Ford	1,292	974	318	\$11,015,549
9	Lakesia Collins	2,195	1,923	272	\$11,663,217
10	Jawaharial Williams	1,083	928	155	\$5,513,676
11	Ann M. Williams	1,180	1,003	177	\$7,320,383
12	Margaret Croke	1,394	1,043	351	\$17,673,534
13	Greg Harris	1,487	1,259	228	\$8,667,081
14	Kelly M. Cassidy	1,442	1,138	304	\$10,900,111
15	John C. D'Amico	1,220	906	314	\$10,815,096
16	Denyse Stoneback	1,258	914	344	\$12,736,886
17	Jennifer Gong-Gershowitz	1,394	943	451	\$20,517,125
18	Robyn Gabel	1,254	832	422	\$19,863,072
19	Lindsey LaPointe	1,275	998	277	\$8,791,095
20	Bradley Stephens	1,089	801	288	\$9,287,564
21	Edgar Gonzalez, Jr.	646	547	99	\$3,292,825
22	Angelica Guerrero-Cuellar	907	751	156	\$4,990,536
23	Michael J. Zalewski	755	616	139	\$4,214,587
24	Elizabeth Hernandez	819	687	132	\$3,671,478
25	Curtis J. Tarver, II	1,508	1,072	436	\$15,838,613
26	Kambium Buckner	1,612	1,179	433	\$18,292,132
27	Justin Slaughter	1,373	932	441	\$13,091,128
28	Robert Rita	961	640	321	\$8,757,613
29	Thaddeus Jones	1,265	830	435	\$13,559,276
30	William Davis	883	624	259	\$7,234,839
31	Mary E. Flowers	1,112	806	306	\$8,496,629
32	Cyril Nichols	837	644	193	\$5,449,814
33	Marcus C. Evans, Jr.	1,181	800	381	\$10,985,010
34	Nicholas K. Smith	1,319	916	403	\$11,803,356
35	Frances Ann Hurley	1,595	1,134	461	\$16,933,497
36	Kelly M. Burke	1,385	966	419	\$13,682,641
37	Tim Ozinga	1,400	1,003	397	\$12,807,529
38	Debbie Meyers-Martin	1,363	944	419	\$13,399,871
39	Will Guzzardi	916	797	119	\$3,860,865
40	Jaime M. Andrade, Jr.	997	870	127	\$4,083,847
41	Janet Yang Rohr	1,373	1,090	283	\$9,612,325
42	Amy Grant	1,577	1,190	387	\$13,006,930
43	Anna Moeller	767	608	159	\$4,342,020
44	Fred Crespo	648	527	121	\$3,148,066
45	Seth Lewis	807	634	173	\$5,713,008
46	Deb Conroy	715	558	157	\$4,851,603
47	Deanne M. Mazzochi	1,464	1,062	402	\$16,734,007
48	Terra Costa Howard	1,669	1,193	476	\$16,916,247
49	Maura Hirschauer	1,192	963	229	\$7,648,506
50	Keith R. Wheeler	1,685	1,307	378	\$11,185,562
51	Chris Bos	1,000	739	261	\$9,647,185
52	Martin McLaughlin	934	728	206	\$6,020,168
53	Mark L. Walker	1,075	755	320	\$10,028,645
54	Thomas Morrison	1,048	769	279	\$8,928,220
55	Martin J. Moylan	895	648	247	\$8,307,102
56	Michelle Mussman	852	659	193	\$5,430,038
57	Jonathan Carroll	673	495	178	\$6,129,846
58	Bob Morgan	753	501	252	\$10,656,952
59	Daniel Didech	683	535	148	\$5,207,455
60	Rita Mayfield	337	251	86	\$2,603,574



# **SURS MEMBERSHIP COUNTS AND NET BENEFITS BY HOUSE DISTRICT**

District	Representative	All SURS Members*	Active & Inactive*	Benefit Recipients*	Annual Net Benefits*
61	Joyce Mason	771	597	174	\$5,805,400
62	Sam Yingling	896	706	190	\$6,499,293
63	Steven Reick	766	537	229	\$6,794,480
64	Tom Weber	932	664	268	\$8,494,316
65	Dan Ugaste	1,561	1,082	479	\$16,602,247
66	Suzanne Ness	975	778	197	\$5,555,117
67	Maurice A. West, II	401	297	104	\$2,297,783
68	Dave Vella	1,270	809	461	\$12,176,595
69	Joe Sosnowski	1,045	732	313	\$8,341,890
70	Jeff Keicher	4,339	2,603	1,736	\$63,225,588
71	Tony McCombie	784	516	268	\$6,762,109
72	Michael Halpin	684	402	282	\$7,591,725
73	Ryan Spain	1,607	1,149	458	\$12,422,424
74	Daniel Swanson	1,105	752	353	\$8,322,538
75	David A. Welter	919	725	194	\$4,722,217
76	Lance Yednock	988	680	308	\$7,534,558
77	Kathleen Willis	638	521	117	\$2,826,430
78	Camille Y. Lilly	2,202	1,650	552	\$23,821,564
79	Jackie Haas	1,018	721	297	\$8,007,505
80	Anthony DeLuca	1,439	1,001	438	\$15,046,534
81	Anne Stava-Murray	1,558	1,140	418	\$15,720,770
82	Jim Durkin	1,419	988	431	\$18,057,458
83	Barbara Hernandez	585	443	142	\$3,111,267
84	Stephanie A. Kifowit	922	799	123	\$4,055,592
85	Dagmara Avelar	721	554	167	\$5,074,181
86	Lawrence Walsh, Jr.	735	572	163	\$4,968,545
87	Tim Butler	1,955	1,413	542	\$12,146,880
88	Keith P. Sommer	3,104	2,081	1,023	\$29,462,160
89	Andrew S. Chesney	1,049	678	371	\$10,306,717
90	Tom Demmer	2,389	1,508	881	\$25,173,438
91	Mark Luft	1,041	744	297	\$6,784,512
92	Jehan Gordon-Booth	1,051	803	248	\$6,159,565
93	Norine K. Hammond	3,444	1,907	1,537	\$53,342,623
94	Randy E. Frese	1,200	790	410	\$9,036,362
95	Avery Bourne	1,244	873	371	\$7,581,591
96	Sue Scherer	1,448	1,011	437	\$12,055,860
97	Mark Batinick	1,242	976	266	\$7,781,315
98	Natalie A. Manley	1,004	754	250	\$6,803,820
99	Mike Murphy	4,492	3,045	1,447	\$43,256,331
100	C.D. Davidsmeyer	1,085	762	323	\$6,800,910
101	Dan Caulkins	4,192	2,668	1,524	\$51,261,546
102	Brad Halbrook	5,445	3,457	1,988	\$70,002,509
103	Carol Ammons	9,881	6,972	2,909	\$123,973,832
104	Michael T. Marron	6,322	3,863	2,459	\$104,412,227
105	Dan Brady	4,719	3,225	1,494	\$55,355,790
106	Thomas M. Bennett	1,284	851	433	\$11,661,868
107	Blaine Wilhour	1,172	790	382	\$8,259,700
108	Charles Meier	1,721	1,222	499	\$11,846,929
109	Adam Niemerg	2,013	1,499	514	\$9,539,601
110	Chris Miller	3,937	2,268	1,669	\$55,426,746
111	Amy Elik	1,465	937	528	\$14,194,137
112	Katie Stuart	2,542	1,757	785	\$27,495,964
113	Jay Hoffman	1,233	830	403	\$8,933,841
114	LaToya Greenwood	1,180	776	404	\$9,459,528
115	Paul Jacobs	4,706	2,751	1,955	\$71,967,732
116	David Friess	921	642	279	\$6,094,947
117	Dave Severin	3,609	2,231	1,378	\$39,414,410
118	Patrick Windhorst	2,359	1,427	932	\$28,525,779
	Totals	183,121	129,120	54,001	\$1,788,956,461



## PERTINENT LEGISLATIVE COMMITTEES AND MEMBERS 101<sup>ST</sup> GENERAL ASSEMBLY

### SENATE

#### Pensions

**Chairperson:** Robert F. Martwick    **Vice-Chairperson:** Sara Feigenholtz  
**Minority Spokesperson:** Brian W. Stewart  
**Members:** John Connor, Napoleon Harris III, Karina Villa,  
 Ram Villivalam, Donald P. DeWitte, Win Stoller

#### Higher Education

**Chairperson:** Scott M. Bennett    **Vice-Chairperson:** Cristina H. Pacione-Zayas  
**Minority Spokesperson:** Dale Fowler  
**Members:** Omar Aquino, Bill Cunningham, Laura Ellman, Kimberly A. Lightford,  
 Laura M. Murphy, Steve Stadelman, Celina Villanueva, Darren Bailey,  
 John F. Curran, Chapin Rose, Win Stoller, Sally J Turner

#### Appropriations – Higher Education Subcommittee

**Chairperson:** Scott M. Bennett    **Vice-Chairperson:** Celina Villanueva  
**Minority Spokesperson:** Chapin Rose  
**Members:** Bill Cunningham, Michael E. Hastings, Darren Bailey

### HOUSE

#### Personnel & Pensions

**Chairperson:** Michael Halpin    **Vice-Chairperson:** Kelly M. Burke  
**Republican Spokesperson:** Mark Batinick  
**Members:** Gregory Harris, Thomas Morrison, Blaine Wilhour,  
 Janet Yang Rohr, Michael J. Zalewski

#### Higher Education

**Chairperson:** Katie Stuart    **Vice-Chairperson:** Maurice A. West II  
**Republican Spokesperson:** Dan Brady  
**Members:** Carol Ammons, Kambium Buckner, Edgar Gonzalez Jr.,  
 Norine K. Hammond, Paul Jacobs, Michael T. Marron, Sue Scherer

#### Appropriations – Higher Education

**Chairperson:** La Shawn K. Ford    **Vice-Chairperson:** Nicholas K. Smith  
**Republican Spokesperson:** Jeff Keicher  
**Members:** Carol Ammons, Dan Brady, Kelly M. Burke, Norine K. Hammond,  
 Barbara Hernandez, Elizabeth Hernandez, Paul Jacobs, Joyce Mason, Deanne M. Mazzochi,  
 Debbie Meyers-Martin, Mike Murphy, Justin Slaughter, Katie Stuart

For more information go to [www.ilga.gov](http://www.ilga.gov).

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Champaign, IL 61820

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[www.surs.org](http://www.surs.org)

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April 2021



# IN BRIEF

1901 Fox Drive, Champaign, IL 61820  
800-275-7877 • 217-378-8800  
(Fax) 217-378-9800 • [www.surs.org](http://www.surs.org)

## MEMBERSHIP

SURS has 240,538 total members

- 216,122 defined benefit plan members  
Tier I members: 99,015 (35,074 Actives/63,941 Inactives)  
Tier II members: 47,935 (28,132 Actives/19,803 Inactives)  
Benefit Recipients: 69,172  
(Members receiving disability retirement, retirement annuities and survivor benefits)
- 24,416 defined contribution plan members  
(13,129 Actives/10,280 Inactives)  
Benefit Recipients: 1,007
- 54% of active members are non-academic staff.
- 78% of annuitants live in Illinois.

## BENEFITS

- System benefits paid were \$2.74 billion.
- Average monthly retirement annuity paid was \$3,456.

## EMPLOYERS

- SURS serves 61 employers including state universities, community colleges and state agencies.

## ASSETS AND LIABILITIES

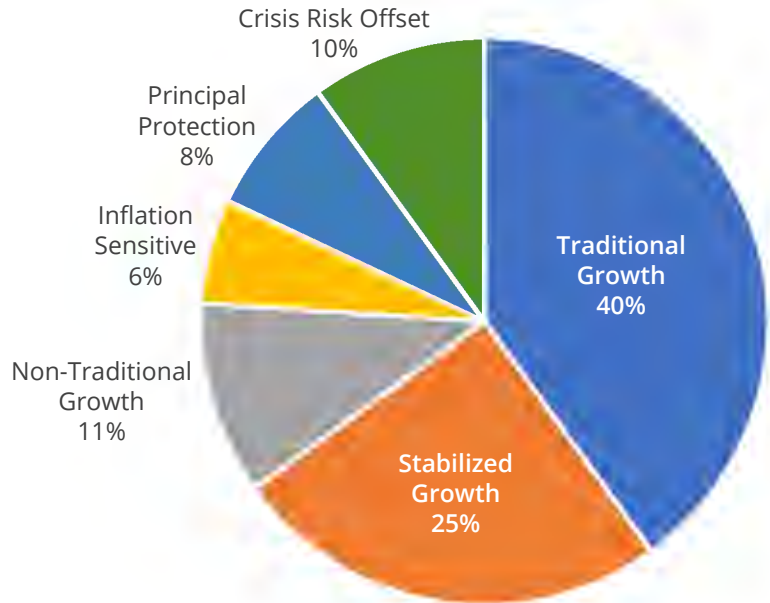
### Defined Benefit Plan

- SURS actuarial value of assets - \$20.1 billion
- SURS accrued actuarial liabilities - \$47.6 billion  
(Unfunded actuarial liabilities - \$27.5 billion)

### Defined Contribution Plan

- SURS Retirement Savings Plan assets - \$3.0 billion

## ASSET ALLOCATION TARGETS



## FISCAL YEAR 2020 INVESTMENT RETURN

SURS return on investments, net of fees, was 2.6%.

## STATE APPROPRIATIONS

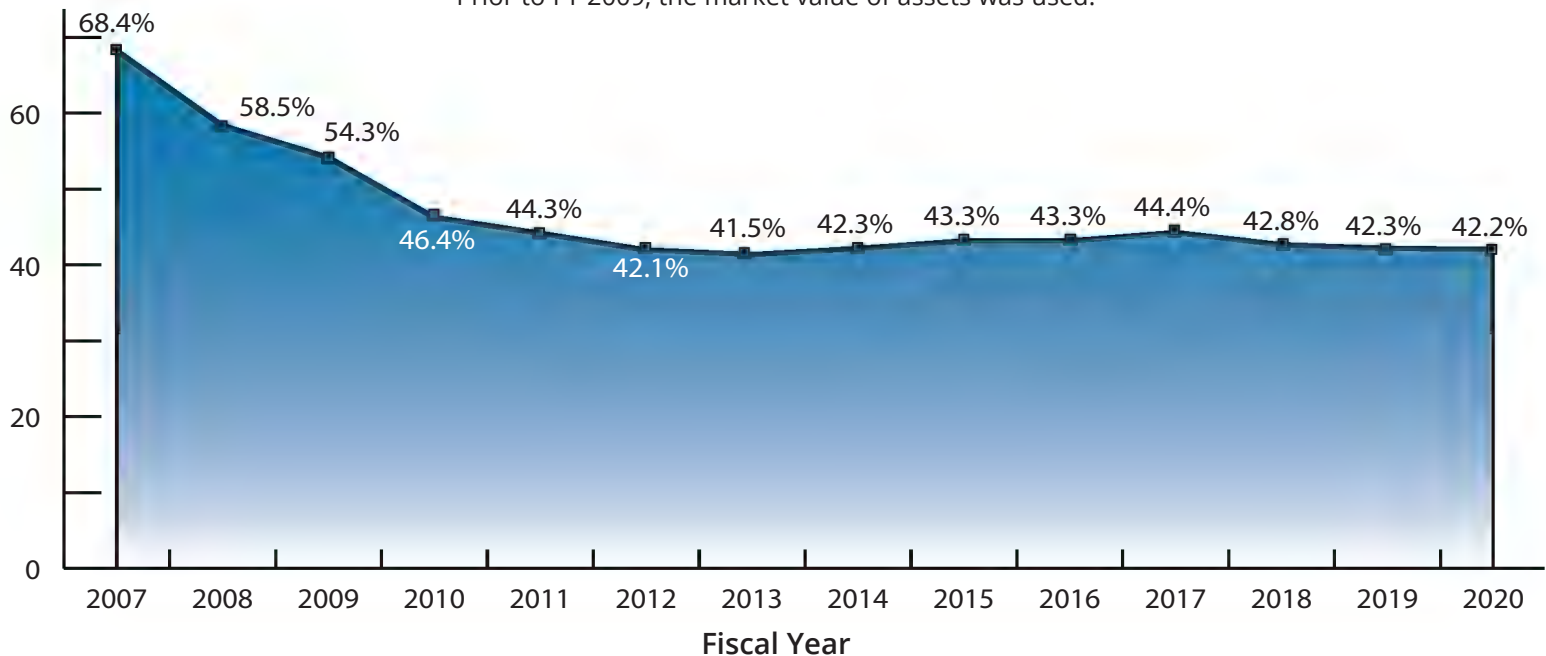
FY 2021 - \$1,995,767,000

FY 2020 - \$1,854,692,000 (Paid in full as of July 7, 2020)

FY 2019 - \$1,655,154,000 (Paid in full as of July 30, 2019)

## HISTORICAL FUNDING RATIOS

Starting with fiscal year 2009, the funding ratios were calculated using the actuarial value of assets.  
Prior to FY 2009, the market value of assets was used.



# RETIREMENT PLANS

## Two-Tiered System – 401(a), non-ERISA

	Tier I – Traditional & Portable Plan Members First Employed Before Jan. 1, 2011	Tier II – Traditional & Portable Plan Members First Employed Jan. 1, 2011 or after	Tier I & Tier II Retirement Savings Plan
Employee Contributions	8% of pensionable earnings	8% of pensionable earnings	8% of pensionable earnings
Minimum Vesting	5 years of service	10 years of service	5 years of service
Retirement Age Requirements	Age 62, with at least 5 years of service Age 55, with at least 8 years of service (age reduction of 0.5% for each month under age 60 at retirement may apply) At any age, with at least 30 years of service	Age 67, with at least 10 years of service Age 62, with reduction for age, with at least 10 years of service (age reduction of 0.5% for each month under age 67 at retirement will apply)	Age 62, with at least 5 years of service Age 55, with at least 8 years of service At any age, with at least 30 years of service Age reduction is not applicable to RSP.
Retirement Benefits	Greater of the benefits computed under SURS General Formula, Minimum Annuity calculation and Money Purchase calculation. (The Money Purchase calculation is not available to members who certified on or after 7/1/2005.)	Greater of the benefits computed under SURS General Formula and Minimum Annuity calculation.	Account established in member name. Member decides how to invest using a variety of investment options including the default option, SURS Lifetime Income Strategy (LIS). Future retirement benefits are based on account balance or the amount of income secured through the LIS at retirement time.
Pensionable Earnings/Contribution Limits	IRS limits apply for members hired after 7/1/1996. FY2021 earnings limit is \$285,000. FY2022 earnings limit is \$290,000.	Limited to a maximum earnings of \$115,928.92 for FY2021 and \$116,740.42 for 2022. Increases annually thereafter by the lesser of 3% or ½ the Consumer Price Index (CPI) change the preceding year.	IRS limits apply. FY2021 earnings limit is \$285,000. FY2022 earnings limit is \$290,000. Calendar year 2021 contribution limit is \$58,000.
Final Average Earnings (FAE)	Average earnings during 4 highest consecutive academic years or the average of the last 48 months prior to termination (if applicable).	Average earnings during the 8 highest consecutive academic years of the last 10 or average earnings of the highest 96 consecutive months during the last 120 months of service.	Not applicable
FAE Limits	Limited to 20% year-over-year increases in earnings for years in the FAE period.	Limited to 20% year-over-year increases in earnings for years in the FAE period.	Not applicable
Retirement Benefit AAI (Automatic Annual Increase)	3%, compounded annually.	Lesser of 3% or ½ the CPI change. Increase is not compounded and is delayed until the later of Jan. 1 following age 67 or Jan. 1 following first anniversary of retirement.	No AAI. However, if you invest in the SURS LIS, you have the potential to benefit from market gains after retirement, which can increase your monthly withdrawal amount.
Survivor Benefits	Eligible Traditional Plan survivor receives minimum of 50% of a member's earned retirement annuity. Portable Plan member benefits may be reduced to provide a benefit to a spouse or contingent annuitant.	Eligible Traditional Plan survivor receives minimum of 66⅔% of a member's earned retirement annuity. Portable Plan member benefits may be reduced to provide a benefit to a spouse or contingent annuitant.	You can choose to provide a survivor benefit. Your monthly retirement benefit will be reduced to cover the cost of providing a survivor benefit.
Survivor AAI	3%, compounded annually.	Traditional Plan increase is calculated using the lesser of 3% or ½ the CPI change. It is not compounded. Portable Plan is 3% compounded annually.	If a member retires with the SURS LIS and provides a 100% Joint and Survivor benefit, the survivor has the potential to benefit from market gains that could increase the monthly withdrawal amount.

Important - Police/Firefighters may qualify for special contribution rates, eligibility requirements and retirement calculations. This chart is only a brief overview and should not be considered a substitute for the information in the SURS Member Guides or the provisions of the law set forth in Articles 1, 15 and 20 of the Illinois Pension Code.



## SURS Funding

### Sources

SURS receives funding from three key sources: employer contributions, employee contributions and investments.

The employer contribution is mostly made by the state of Illinois. A university or community college may pay some of the employer normal cost, or the cost of pension benefits accrued by an employee in a given year, when an employee is paid from federal, trust or other non-state funds. For example, in fiscal year 2022, SURS employer contributions from the actual employers will be approximately \$62.4 million, roughly 14.4% of the total employer normal cost and less than 3% of the total certified contribution.

Since fiscal year 1996, the state contribution has been made as a direct appropriation to SURS. It is a separate appropriation from the state's appropriations to universities and community colleges for their operating expenses. The state's contributions for retiree health insurance, including the state's contribution to the College Insurance Program, are also separate from the state's contribution to SURS.

### Employer Contribution

The employer contribution to SURS consists of two key components:

- The normal cost, which includes: (1) the cost of pension benefits accrued by employees in a year in the defined benefit plan; (2) the cost of funding the defined contribution plan (known as the SURS Retirement Savings Plan), which is set at 7.6% of pensionable earnings by Illinois law; and (3) amounts contributed by universities and community colleges for employees paid from federal, trust, and other non-state funds; and
- The amount allocated to reducing the unfunded liability of the defined benefit plan.

### Determining the Certified Amount

Each year, an independent actuary retained by SURS evaluates the System and determines the required state contribution under the formula outlined in Illinois law (40 ILCS 5/15-155). The formula requires the state to make a contribution to SURS each year necessary for the System to reach a funded status of 90% by the end of fiscal year 2045, calculated as a level percentage of payroll under the projected unit credit actuarial cost method. The state's contribution is scheduled to increase each year between now and FY 2045 under the statutory funding formula due to the historical underfunding of the system.

The state's contribution can fluctuate from one year to the next if the experience of the System deviates from the actuarial assumptions used to calculate the required state contribution. Some of the actuarial assumptions that can have a large impact on the state contribution are the investment return, mortality rates and salary growth. Once the required state contribution is reviewed by the state actuary, SURS certifies the amount under Illinois law to the state by Jan. 15.

### Continuing Appropriations

State law provides a continuing appropriation to SURS equal to the amount of the contribution certified by SURS under the formula outlined in Illinois law. This means that if SURS is appropriated an amount less than the certified amount in a given year, SURS can continue to seek payment of the full amount of the certified contribution from the state comptroller.

For example, the statutory contribution for FY 2022 is \$2,101,279,000. This amount includes \$86.033 million for the SURS Retirement Savings Plan, \$443.110 million in normal cost for the defined benefit plan and \$1.57 billion to reduce the unfunded liability. Of this amount, \$62.369 million is estimated to come from employers whose employees are paid from federal, trust or other non-state funds. The certified state contribution for FY 2022 is \$2,101,279,000.\* If the state appropriates less than \$2,101,279,000 through a budget bill, SURS can request payment of the remainder from the comptroller without seeking an additional appropriation through another budget bill. In short, under the continuing appropriation, SURS can obtain the certified contribution independently of the normal appropriations process.

## Funded Status

Historical underfunding is largely responsible for the current funded status of the System. As of June 30, 2020, SURS was 42.2% funded based on the actuarial value of assets with nearly \$20.1 billion in assets (actuarial value basis) and \$27.5 billion in unfunded actuarially accrued liability. The majority of the annual state contribution to SURS goes to pay down the costs of decades of underfunding by the state. For example, in FY 2022 approximately 24.7% of the total contribution will go toward the normal cost and 75.3% will be used to reduce the unfunded liability. If the state adheres to the current 90% funding formula outlined in Illinois law, and all assumptions are met, most of the unfunded liability will be paid down over the next 24 years. The best way for the state to improve the funded status of the system is to make the actuarially determined contribution each year.

## Payment of Benefits

SURS assets are held in a trust that exists outside of the state treasury and under the control of SURS. When SURS receives money from the state, it goes directly into the trust. SURS member benefits are paid directly from the trust – not from the state. SURS manages cash flows to ensure the timely payment of benefits to members. Regular payments from the state provide greater predictability in the management of cash flows each month.

## More About SURS

SURS is a 401(a) public retirement system based in Champaign, Ill. A staff of 157 professionals administers retirement plans for approximately 241,000 members and manages approximately \$19.6 billion in defined benefit plan assets and \$3.0 billion in defined contribution plan assets (market value basis). Retirement plans administered include a cost-sharing, multiple-employer defined benefit plan and a multiple-employer defined contribution plan known as the SURS Retirement Savings Plan. The defined benefit plan has two options available to members – the Traditional Benefit Package and the Portable Benefit Package. As of June 30, 2020, the average monthly retirement annuity of a SURS member was \$3,456.

\*Under state statute, SURS must exclude earnings that are paid by employers when calculating the certified contribution.





## Interest Rate Charts

Effective Interest Rate Table (Board of Trustees' Rate)	
Prior to 09/01/63	3.00%
09/01/63—08/31/66	3.50%
09/01/66—08/31/73	4.50%
09/01/73—08/31/75	8.00%
09/01/75—08/31/76	7.00%
09/01/76—08/31/77	6.00%
09/01/77—08/31/78	6.50%
09/01/78—08/31/79	6.75%
09/01/79—08/31/80	7.00%
09/01/80—08/31/88	8.00%
09/01/88—08/31/89	7.50%
09/01/89—08/31/96	8.00%
09/01/96—08/31/97	8.50%
09/01/97—08/31/98	9.00%
09/01/98—08/31/99	9.50%
09/01/99—08/31/02	10.00%
09/01/02—08/31/03	9.00%
09/01/03—08/31/04	8.00%
09/01/04—06/30/05	8.00%
07/01/05—06/30/09	8.50%
07/01/09—06/30/10	8.00%
07/01/10—06/30/13	7.50%
07/01/13—06/30/17	7.00%
07/01/17—06/30/21	6.50%
07/01/21—06/30/22	6.00%

The SURS board effective rate of interest is used in the calculation of:

- Service credit purchases
- Refunds of survivor contributions
- Refunds of excess contributions
- Traditional and Portable refunds
- Lump-sum Portable retirements

Money Purchase Formula Interest Rates (Comptroller Rate)	
07/01/05 thru 06/30/06	8.50%
07/01/06 thru 06/30/08	8.00%
07/01/08 thru 06/30/09	8.50%
07/01/09 thru 06/30/10	7.50%
07/01/10 thru 06/30/11	7.00%
07/01/11 thru 06/30/12	6.75%
07/01/12 thru 06/30/13	6.50%
07/01/13 thru 06/30/15	6.75%
07/01/15 thru 06/30/16	7.00%
07/01/16 thru 06/30/17	6.75%
07/01/17 thru 06/30/18	6.50%
07/01/18 thru 06/30/19	6.75%
07/01/19 thru 06/30/20	6.50%
07/01/20 thru 06/30/21	6.00%
07/01/21 thru 06/30/22	5.50%

The Comptroller rate is used in the calculation of normal contributions used in the Money Purchase calculation.

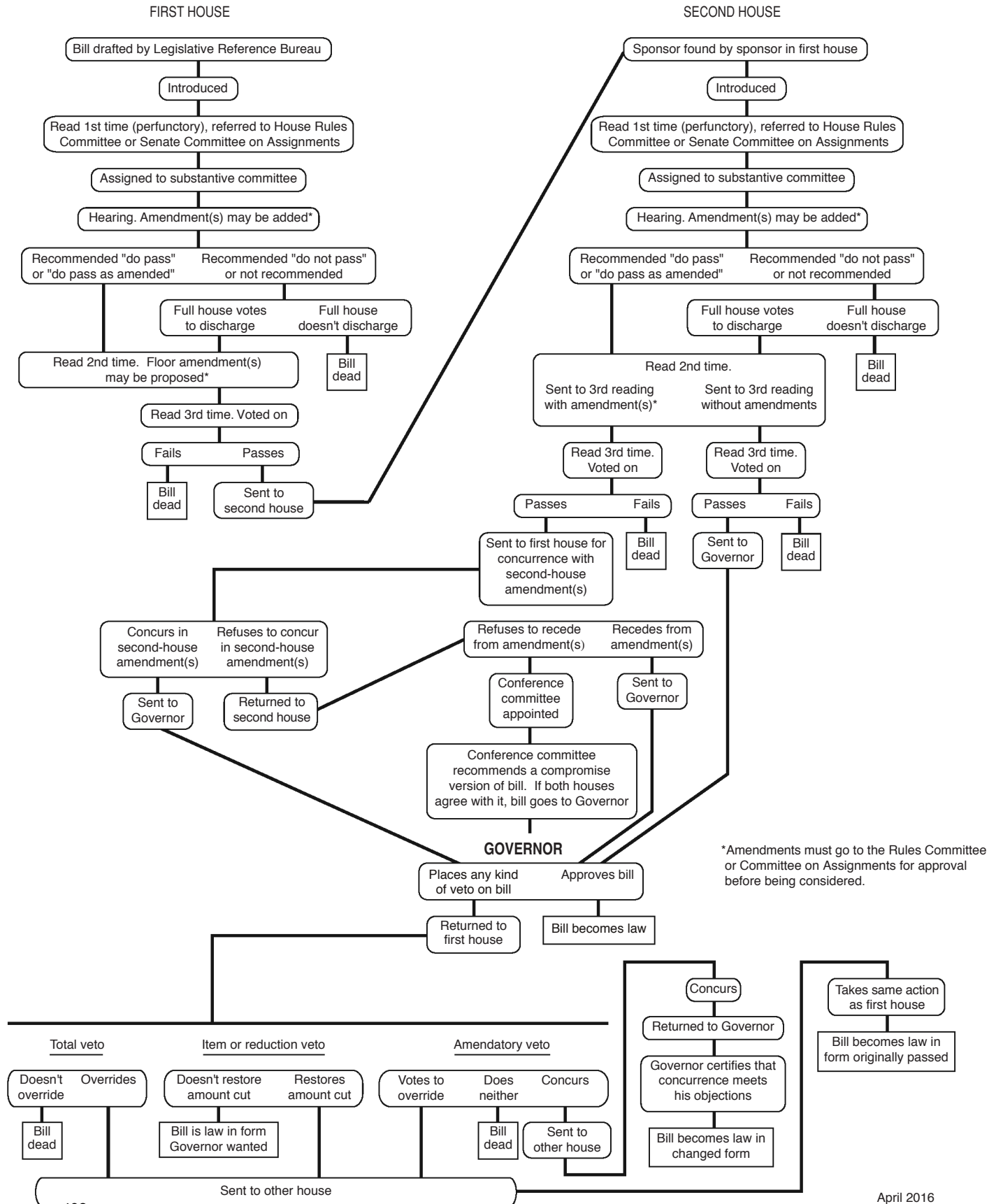


## ILLINOIS GENERAL ASSEMBLY

## LEGISLATIVE RESEARCH UNIT



## How A Bill Becomes Law in Illinois





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