



MINUTES

**Quarterly Meeting of the Legal & Legislative Committee
of the Board of Trustees of the
State Universities Retirement System
Thursday, February 29, 2024, 2:40 p.m.
1901 Fox Dr. – Main Conference Room – Champaign, IL
*Optional Remote Connection for Members of the Public***

This meeting was held in person at State Universities Retirement System, Champaign, IL.

The following trustees were present: Dr. Andriy Bodnaruk, Dr. Fred Giertz, Mr. Scott Hendrie, Mr. John Lyons, Dr. Steven Rock, Mr. Pranav Kothari, Mr. Antonio Vasquez, Mr. Collin Van Meter and Mr. Mitch Vogel.

Others present: Ms. Suzanne Mayer, Executive Director; Mr. Doug Wesley, Chief Investment Officer (CIO); Mr. Michael Schlachter, CIO Designee; Ms. Bianca Green, General Counsel; Ms. Nichole Hemming, Chief Human Resources Officer; Ms. Tara Myers, Chief Financial Officer; Ms. Jackie Hohn, Chief Internal Auditor; Mr. Jefferey Saiger, Chief Technology Officer; Mr. Albert Lee, Associate General Counsel; Ms. Heather Kimmons, Associate Legal Counsel; Ms. Kristen Houch, Director of Legislative and Stakeholder Relations; Ms. Alicia Route, Legislative Analyst; Ms. Jennifer Bartell, Director of Benefits Processing; Ms. Kelly Carson, Ms. Chelsea McCarty, and Ms. Annette Ackerman, Executive Assistants; and Mr. Michael Calabrese of Foley.

Legal & Legislative Committee roll call attendance was taken. Trustee Bodnaruk, present; Trustee Giertz, present; Trustee Lyons, present; and Trustee Rock, present.

APPROVAL OF MINUTES

Trustee Rock presented the minutes from the Legal & Legislative Committee meeting of December 8, 2023.

Trustee Giertz made the following motion:

- That the minutes from the December 8, 2023, Legal & Legislative Committee meeting be approved as presented.

Trustee Bodnaruk seconded the motion which passed with all committee members present voting in favor.

CHAIRPERSON'S REPORT

Trustee Rock did not have a Chairperson's report.

LEGISLATIVE UPDATE

Ms. Kristen Houch and Ms. Alicia Route provided the legislative update. Ms. Route reviewed current bills being considered by the General Assembly. Ms. Houch provided an overview of the FY 2025 budget, Tier II, Divestment and Deferred Compensation bills.

A copy of the report titled “103rd General Assembly - 2024” is incorporated as part of these minutes as [Exhibit 1](#). A memo titled “Governor Introduced FY 2025 Budget” is incorporated as part of these minutes as [Exhibit 2](#). A copy of the report titled “Fiscal Year 2025 Budget Summary” is incorporated as part of these minutes as [Exhibit 3](#).

RULEMAKING COMPLIANCE UPDATE

Status of Pending Rules

Mr. Albert Lee presented an overview of current and new proposed administrative rules. This included a summary of the pending updates to the Candidate Information Communication rule. The changes to this rule allows SURS to provide one email communication per election cycle for each board election candidate if they request it. SURS is currently seeking final adoption of the rulemaking with the Office of the Secretary of State. Mr. Lee then discussed the new proposed rulemakings which are being presented to clear out the pending rulemaking changes on the SURS regulatory agenda.

Trustee Giertz made the following motion:

- That the Legal & Legislative Committee approve the filing of the proposed rulemakings under Title 80 Part 1600 of the Illinois Administrative Code with the Office of Secretary of State for First Notice publication substantially in the form presented.

Trustee Bodnaruk seconded the motion which passed with all committee members present voting in favor.

A copy of the memo to the Legal & Legislative Committee titled “Rulemaking Update” is incorporated as part of these minutes as [Exhibit 4](#).

Compliance Stop Light Report

Ms. Green reviewed and discussed the current compliance stop light report which reflects SURS’ compliance with its reporting requirements. Ms. Green discussed the updated format for the report.

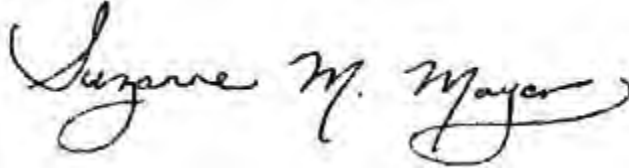
A copy of the report titled “January 2024 Spotlight Report” is incorporated as part of these minutes as [Exhibit 5](#).

PUBLIC COMMENT

There were no public comments presented to the Legal & Legislative Committee.


There was no further business brought before the committee and Trustee Giertz moved to adjourn the meeting. The motion was seconded by Trustee Bodnaruk, and it passed with all committee members voting in favor.


Respectfully submitted,


A handwritten signature in cursive script that reads "Suzanne M. Mayer". The signature is written in black ink on a light-colored background.


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


SMM:aa


Contact: Office of Legislative Affairs				Last Updated: 2/29/24	
103RD GENERAL ASSEMBLY - 2024					
Legislation amending the Illinois Pension Code is highlighted in yellow					
Legislative Activity Since January 1, 2024					
Bill Number	Sponsor(s)	Short Title	Short Summary	Notes	Status
HB 2427	Rep. Lilly	Climate Change Risk Minimization Policy	Amends the General Provisions Article of the Illinois Pension Code to require pension funds and retirement systems to develop a climate change risk minimization policy that will consider the financial risk to investments in the event of different levels of climate change. Requires the initial development of the policy to use the National Association of Insurance Commissioners' Insurer Climate Risk Disclosure Survey as a model. Requires the policy to consider the scope of the financial risk and impact of climate-related events, including, but not limited to, severe drought, coastal flooding, and more intense hurricanes. Establishes that, to the extent the retirement system determines that increasing climate change is a significant financial risk to the long-term value of the retirement system, the retirement system may determine a policy on voting for shareholder resolutions and directors to advance corporate policies that minimize the long-term risk from increased climate change, including, but not limited to, voting for shareholder resolutions that commit companies to internal policies that reduce the company's carbon emissions. Requires the policy to be updated annually and published on the pension fund's website for at least 5 years.		House Assigned to Personnel and Pensions Committee on 2/28/24
HB 2620	Rep. Costa Howard	FOIA - Deadlines	Amends the Illinois Freedom of Information Act to: (1) define a recurrent requester as a person who submitted a minimum of 40 (currently, 50) requests for records within a 1-year period, a minimum of 10 (currently, 15) requests for records within a 30-day period, or a minimum of 5 (currently, 7) requests for records within a 7-day period; (2) allow a public body to respond to a request under the Act within 15 (currently, 5) business days; (3) allow a public body to respond to a request for commercial purposes within 30 (currently, 21) working days. Makes other changes.		House Assigned to Executive Committee on 2/14/24
HB 3136	Rep. Kifowit	Budget Surplus - Additional Pension Contributions	Amends the State Budget Law of the Civil Administrative Code of Illinois to provide that if, in any State fiscal year, there is a budget surplus, then in the next fiscal year, the General Assembly must appropriate an additional 1% of the amount contributed by the State in the immediately preceding State fiscal year to GARS, SERS, SURS, TRS, and JRS.		House Assigned to Appropriations - General Services Committee on 1/31/24
HA #1 to HB 3136	Rep. Kifowit	Budget Surplus - Additional Pension Contributions	Amends the State Budget Law of the Civil Administrative Code of Illinois to provide that if, in any State fiscal year, there is an increase in the individual and/or corporate income tax rates, or if there is an increase in the 6.25% general sales tax rate, then, in the next State fiscal year, the General Assembly must appropriate an additional 1% of the amount contributed by the State in the immediately preceding State fiscal year to the five-state funded retirement systems.		House Assigned to Appropriations - General Services Committee on 1/31/24
HB 3348	Rep. Kifowit	Financial Literacy Training Program Grants	Appropriates \$250,000 from the General Revenue Fund to the Board of Higher Education for grants to a statewide association of public pension funds affiliated with a public institution of higher education to develop and deliver an in-person financial literacy training program for public employees.		House Assigned to Appropriations - Higher Education Committee on 1/31/24


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HB 3364	Rep. Kifowit	FOIA - Requester Identification and Purpose	Amends the Illinois Freedom of Information Act to allow a public body to require that a request be submitted on a standard form or require the requester to specify the purpose for a request. (Currently, a public body may not require that a request be submitted on a standard form or require the requester to specify the purpose for a request, except to determine whether the records are requested for a commercial purpose or whether to grant a request for a fee waiver.) Prohibits a person making a request from making a request for any other individual, unless the person discloses the organization for whom the request is being made.		House Assigned to Executive Committee on 1/31/24
HB 3519	Rep. Kifowit	Tier II Pension Benefits	Amends the General Provisions, IMRF, Chicago Municipal, Cook County, SERS, and SURS Articles of the Illinois Pension Code to modify benefits under Tier II. Establishes that the changes made by the legislation are intended to be retroactive to January 1, 2011 and apply without regard to whether a member or participant is in active service on or after the effective date of the legislation. Reduces the Tier II final rate of earnings period to be the highest 5 consecutive years of service within the last 10 years of employment. (Currently, the Tier II final rate of earnings period is the highest 8 consecutive years of service out of the last 10 years of employment.) Increases the Tier II pensionable earnings limit to the federal Social Security Wage Base. (Currently, the Tier II pensionable earnings limitation is less than the federal Social Security Wage Base.) Allows a Tier II member to retire at age 60 with at least 20 years of service credit or age 67 with at least 10 years of service credit. Contains a provision allowing certain Tier II members to retire prior to age 60 with a reduced benefit. Applies automatic annual increases beginning 1 year after retirement. (Currently, automatic annual increases begin on the later of age 67 or 1 year after retirement.) Allows a Tier II member to receive an automatic annual increase on annuities calculated at the greater of 3% or 1/2 of CPI-U, non-compounded. (Currently, Tier II members receive automatic annual increases equal to the lesser of 3% or 1/2 of CPI-U, non-compounded.) Makes other changes.	Similar to HB 3520 (Rep. Kifowit), SB 3627 (Sen. Turner), and SB 3628 (Sen. Turner)	House Assigned to Personnel and Pensions Committee on 1/31/24
HB 3520	Rep. Kifowit	Tier II Pension Benefits	Amends the General Provisions, IMRF, Chicago Municipal, Cook County, SERS, and SURS Articles of the Illinois Pension Code to modify benefits under Tier II. Establishes that the changes made by the legislation are intended to be retroactive to January 1, 2011 and apply without regard to whether a member or participant is in active service on or after the effective date of the legislation. Allows a Tier II member to retire at age 60 with at least 20 years of service credit or age 67 with at least 10 years of service credit. Contains a provision allowing certain Tier II members to retire prior to age 60 with a reduced benefit if the System allows Tier I members to retire prior to age 60 with a reduced benefit. Applies automatic annual increases beginning 1 year after retirement. (Currently, automatic annual increases begin on the later of age 67 or 1 year after retirement.) Makes other changes.	Similar to HB 3519 (Rep. Kifowit), SB 3627 (Sen. Turner), and SB 3628 (Sen. Turner)	House Assigned to Personnel and Pensions Committee on 1/31/24


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HB 4098	Rep. Kifowit	Tier II Pensions Omnibus	Amends several articles of the Illinois Pension Code. Increases the Tier II pensionable earnings limitation to the Social Security Taxable Wage Base over an 8-year period. Modifies the Tier II automatic annual increases to be the 3-year rolling average of the greater of 3% or 1/2 of CPI-U, non-compounded. Creates Deferred Retirement Option Plans ("DROP plans") under the State-funded retirement systems for defined benefit plan participants who are within 5 years of meeting the eligibility requirement for receiving a retirement annuity and have at least 20 years of service credit. Provides that the participant's DROP plan account consists of the following: the participant's monthly retirement annuity (including any automatic annual increases); employee contributions; and interest at 7% annually, paid and compounded monthly. Requires a participant's termination of participation in the DROP plan no later than 3 years after commencing participation in the DROP plan. Allows the DROP plan account balance to be distributed in the form of a lump sum or an annuity. Changes the statutory funding formula from 90% by the end of FY 2045 to 100% by the end of FY 2050. Requires the State to make additional contributions to the State-funded retirement systems equal to the difference between the contribution under the statutory funding formula and an actuarially determined contribution. Requires the actuarially determined contribution to be determined by the State Actuary in accordance with GASB 67 and 68. Allows a Tier II member to retire at age 62 with 35 years of service credit, age 64 with 20 years of service credit, or age 67 with 10 years of service credit. Repeals provisions related to Tier III pension reform. Amends the General Obligation Bond Act and the State Finance Act to authorize \$500 million to be used to reduce the unfunded liability of the State-funded retirement systems and CTPF, once the bond authorized by Public Act 93-2 are retired. Makes other changes.	Similar to HB 4873 (Rep. Kifowit)	House Assigned to Personnel and Pensions Committee on 1/31/24
HB 4162	Rep. West	OMA - Remote Participation	Amends the Open Meetings Act to allow a quorum of members of a public body to be present by video or audio conference at an open meeting. (Currently, a quorum of members must be physically present at the location of an open meeting.) Provides that, if a member of the public body wishes to attend an open meeting by video or audio conference, the member must notify the recording secretary or clerk of the public body before the meeting, unless providing that advance notice is impractical for the member.		House Assigned to Executive Committee on 2/29/24
HB 4325	Rep. Cabello	FOIA - Omnibus	Amends the Illinois Freedom of Information Act to make the following changes: (1) provides that the use of public records for the solicitation of individuals for purposes of joining an organization is a "commercial purpose;" (2) requires (instead of allows) public bodies to charge for commercial requests prior to copying requested records; (3) prohibits responses to a recurrent requester for a period of 90 days; (4) requires payment of the full fee by the requester prior to the release of information under a voluminous request; (5) allows fees to be charged for non-commercial requests; and (6) provides an exemption from the disclosure for communications not pertaining to the transaction of public business sent to or received by an individual's personal electronic device, such as text messages, voice messages, and emails.		House Assigned to Executive Committee on 2/14/24


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HB 4334	Rep. Cabello	Tier II Public Safety Receive Tier I Benefits	Amends the General Provisions, Downstate Police, Downstate Firefighters, Chicago Police, Chicago Firefighters, IMRF, SERS, and SURS articles of the Illinois Pension Code to require Tier II police officers and firefighters to receive Tier I benefits. Applies the benefit increases prospectively to active and inactive Tier II police officers and firefighters. Makes other changes.	Similar to HB 4336 (Rep. Cabello)	House Assigned to Personnel and Pensions Committee on 2/14/24
HB 4336	Rep. Cabello	Tier II Public Safety Receive Tier I Benefits	Amends the General Provisions, Downstate Police, Downstate Firefighters, Chicago Police, Chicago Firefighters, IMRF, SERS, and SURS articles of the Illinois Pension Code to require Tier II police officers and firefighters to receive Tier I benefits. Applies the benefit increases prospectively to active and inactive Tier II police officers and firefighters. Makes other changes.	Similar to HB 4334 (Rep. Cabello)	House Referred to Rules Committee on 1/16/24
HB 4369	Rep. Spain	Reduce Governor's Salary for FY 2024	Amends Public Act 103-6 (the FY 2024 Budget) to reduce the Governor's salary from \$216,000 to \$205,700. (SURS employers are required to pay the employer normal cost on the portion of a SURS employee's earnings that exceeds the Governor's salary set by law.) Makes other changes.		House Referred to Rules Committee on 1/16/24
HB 4401	Rep. Didech	FOIA - Junk Mail	Amends the Illinois Freedom of Information Act to establish that "public records" does not include junk mail. Defines "junk mail" as (1) any unsolicited commercial mail sent to a public body and not responded to by an official, employee, or agent of the public body or (2) any unsolicited commercial electronic communication sent to a public body and not responded to by an official, employee, or agent of the public body. Makes other changes.		House Assigned to Executive Committee on 2/14/24
HB 4402	Rep. Didech	OMA - Exigent Circumstances and Bona Fide Emergency	Amends the Open Meetings Act to allow the majority of a public body physically present at the meeting location to allow a member of that body to attend the meeting by video or audio conference if the member is prevented from physically attending because of exigent circumstances concerning a family member. Defines "exigent circumstances" as a situation requiring immediate attention, including, but not limited to, injury, sickness, loss of life, or damage to property. Defines "bona fide emergency" as a disaster, an act of terror, or any other occurrence that the public body determines is a threat to the continuity of governmental operations or endangers the health or safety of the public. (Currently, the term bona fide emergency is referenced under the Act, but the term is not defined.)		House Assigned to Executive Committee on 2/14/24
HB 4508	Rep. Kifowit	Downstate Police Reciprocity and SURS Tier II Police Retire at Age 55	Amends the Downstate Police Pension Fund article of the Illinois Pension Code to adopt the Retirement Systems Reciprocal Act. Allows persons entitled to begin receiving a retirement or survivor's annuity on or after the effective date of the legislation to elect to proceed under the Retirement Systems Reciprocal Act. Amends the SURS article of the Illinois Pension Code to allow a Tier II police officer with at least 20 years of service to retire at age 55. (Currently, Tier II police officers with at least 20 years of service can retire at age 60.)	Identical to SB 3453 (Sen. Martwick)	House Assigned to Personnel and Pensions Committee on 2/28/24


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HB 4820	Rep. Tarver	Felony Forfeiture - Applies on Conviction (Not Sentencing)	Amends the GARS, Downstate Police, Downstate Firefighters, Chicago Police, Chicago Firefighters, IMRF, Chicago Municipal, Cook County, Cook County Forest Preserve, Chicago Laborers, Chicago Park District, MWRD, SERS, SURS, TRS, CTPF, and JRS articles of the Illinois Pension Code to establish that the forfeiture of benefits due to a job-related felony applies immediately after the felony conviction is entered, notwithstanding whether the person has been sentenced for the felony. Applies to felony convictions entered on or after the effective date of the legislation. (Currently, statute is silent on whether felony forfeiture applies on conviction or sentencing, but Illinois law requires conviction to happen at sentencing.)		House Referred to Rules Committee on 2/6/24
HB 4866	Rep. Ozinga	Property Tax Relief Grants	Amends the School Code to require the difference between (1) 25% of the State's general funds and (2) State contributions to GARS, SERS, SURS, CTPF, TRS, and JRS to be deposited into the Education Property Tax Relief Fund to award property tax relief grants to school districts beginning in Fiscal Year 2025. Makes other changes.	Similar to SB 2995 (Sen. Bennett)	House Referred to Rules Committee on 2/7/24
HB 4873	Rep. Kifowit	Tier II Pensions Omnibus	Amends several articles of the Illinois Pension Code. Increases the Tier II pensionable earnings limitation to the Social Security Taxable Wage Base over a 4-year period (from FY 2026 to FY 2029). Modifies the Tier II automatic annual increases to be 3% non-compounded and applies them beginning the January 1st occurring on or after 1 year after retirement. (Currently, Tier II AAls are the lesser of 3% or 1/2 of CPI-U, non-compounded, and begin on the January 1st occurring on or after the later of age 67 or 1 year after retirement.) Creates a Deferred Retirement Option Plan ("DROP plan") under the State Treasurer's Office for members of SERS, SURS, TRS, and the CTPF. Allows eligible members to elect to participate in the DROP Plan until January 1, 2029. Provides that an eligible member is an active member who can retire with a full and unreduced pension, is not receiving a disability or retirement annuity, and is covered by a collective bargaining agreement. Establishes that the DROP Plan account consists of an amount equal to the member's monthly retirement annuity, any automatic annual increases thereon, and the member's employee contributions into a notional account on behalf of the DROP Plan member. Provides that the amounts in the DROP Plan do not accrue interest and will be paid to the member in a lump-sum. Allows a Tier II member to retire at age 62 with 35 years of service credit, age 64 with 20 years of service credit, or age 67 with 10 years of service credit. (Currently, Tier II members can retire at age 67 with 10 years of service credit or age 62 with 10 years of service credit and a reduced benefit.) Allows SURS Tier II police to retire at age 55 with 20 years of service credit. (Currently, SURS II police can retire at age 60 with 20 years of service credit.) Repeals provisions related to Tier III pension reform. Amends the General Obligation Bond Act and the State Finance Act to authorize \$500 million to be used to reduce the unfunded liability of the State-funded retirement systems and CTPF, once the bond authorized by Public Act 93-2 are retired. Adopts the Retirement Systems Reciprocal Act under the Downstate Police Pension Fund and Downstate Firefighters Pension Fund articles of the Illinois Pension Code. Makes other changes.	Similar to HB 4098 (Rep. Kifowit)	House Assigned to Personnel and Pensions Committee on 2/28/24


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HB 4898	Rep. Didech	OMA - Remote Meetings for Severe Weather Alert	Amends the Open Meetings Act to allow remote meetings if the National Weather Service has determined that all or part of the jurisdiction of the public body is located within an area that is subject to a severe weather alert on the day of the meeting. Makes other changes.	Identical to HB 5212 (Rep. Didech)	House Referred to Rules Committee on 2/7/24
HB 4908	Rep. Walker	Online Investment Reports Due By End of Month	Amends the Accountability for the Investment of Public Funds Act to require certain investment information to be made available online by the end of each month (currently, by the 15th of the month). Makes other changes.	Identical to SB 3157 (Sen. Johnson)	House Referred to Rules Committee on 2/7/24
HB 5201	Rep. Halbrook	Repeal Illinois Sustainable Investing Act	Repeals the Illinois Sustainable Investing Act. Makes corresponding changes to remove references of the Act under the Illinois Pension Code.		House Referred to Rules Committee on 2/9/24
HB 5212	Rep. Didech	OMA - Remote Meetings for Severe Weather Alert	Amends the Open Meetings Act to allow remote meetings if the National Weather Service has determined that all or part of the jurisdiction of the public body is located within an area that is subject to a severe weather alert on the day of the meeting. Makes other changes.	Identical to HB 4898 (Rep. Didech)	House Assigned to Executive Committee on 2/28/24
HB 5448	Rep. Reick	Tier II Pensionable Earnings Limit and Statutory Funding Target	Amends the General Provisions, GARS, SERS, SURS, TRS, and JRS articles of the Illinois Pension Code to make changes to Tier II and the statutory funding target. Changes the Tier II pensionable earnings limit to the greater of the current Tier II pensionable earnings limit or 90.5% of the federal Social Security Wage Base, beginning January 1, 2024. Increases the statutory funding target from 90% of assets to liabilities by the end of FY 2045 to 100% of assets to liabilities by the end of FY 2050. Makes other changes.		House Referred to Rules Committee on 2/9/24
HB 5450	Rep. Ford	Repeal IBHE Sick Leave Report	Amends the SURS article of the Illinois Pension Code to repeal a requirement that the Illinois Board of Higher Education and Governor's Office of Management and Budget prepare an annual report showing the amount by which 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 SURS. Makes other changes.		House Referred to Rules Committee on 2/9/24
HB 5557	Rep. Katz Muhl	OMA and FOIA - Public Access Counselor Investigations	Amends the Open Meetings Act and Freedom of Information Act to allow the Public Access Counselor to investigate, gather data, and report on a public body for frequent violations of the Acts or for frequent violations of court orders for failure to comply with the Acts. Further allows the Public Access Officer to investigate, gather data, and report on a public body under the Freedom of Information Act for failure to comply with the Act, for unreasonably denying a request under the Act, and for failure to adequately inform a requester why a request is denied. Allows the Public Access Counselor to impose civil penalties for violations of the Acts after an investigation.		House Assigned to Executive Committee on 2/28/24


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HB 5624	Rep. A. Williams	OMA - Public Notice of Special Meetings	Amends the Open Meetings Act to allow a public body that has a website that the full-time staff of the public body maintains to post public notice for a special meeting solely on its website. Makes other changes.		House Assigned to Executive Committee on 2/28/24
HB 5721	Rep. Gordon-Booth	Governor's Introduced FY 2025 Budget	Appropriates the full certified State contribution to SURS for FY 2025 (\$2,212,810,000). (Of this amount, \$1,997,810,000 comes from the General Revenue Fund and \$215 million comes from the State Pensions Fund). Appropriates the full certified State contribution to the College Insurance Program for FY 2025 (\$9,191,049) from the Education Assistance Fund. (CIP provides health insurance benefits for certain community college retirees and their eligible dependents.)		House Referred to Rules Committee on 2/22/24
HR 596	Rep. Stuart	Adjunct Faculty Fair Treatment	Urges that adjuncts/non-tenure/part-time instructors in institutions of higher education be treated with the same respect, recognition, value, and standards as full-time instructors and no longer be second class citizens within the ranks of higher education professionals as has been the practice within these institutions of higher learning. Affirms that these professionals, who have the same credentials as the full-time instructors, are being underpaid to do the same job. Pledges to seek solutions that include, but are not limited to, legislated salary parity, mandated access to health benefits, and full and fair pension reporting and accountability for all part-time/contingent/adjunct Illinois public teachers, librarians, counselors, and educational support personnel.	Nearly Identical to SR 76 (Sen. Martwick)	House Referred to Rules Committee on 2/8/24
SB 238	Sen. Wilcox	MWDB Utilization - Veterans	Amends the General Provisions article of the Illinois Pension Code to add veteran-owned businesses to: (1) the diversity goals for retirement systems, pension funds, and investment boards and (2) disclosures required by investment advisors, consultants, private market funds, and consultants. Makes other changes.		Senate Assigned to Subcommittee on Procurement on 2/8/24
SB 1480	Sen. Gillespie	Statement of Economic Interests - Answer All Questions	Amends the Illinois Governmental Ethics Act to prohibit the Secretary of the State from accepting a statement of economic interest for filing or issuing a receipt that the statement has been filed unless the statement is verified, dated, and signed by the person making the statement and all questions on the statement are answered. Makes other changes.		Senate Assigned to Subcommittee on Ethics on 2/8/24
SB 1919	Sen. Curran	Public-Private Partnerships Act	Creates the Public-Private Partnerships Act to authorize the use of public funds, including public or private pension funds, to finance public-private partnerships. Makes other changes.	Identical to HB 3927 (Rep. Hoffman)	Senate Assigned to Subcommittee on Procurement on 2/8/24

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SA #1 to SB 1919	Sen. Curran	Public-Private Partnerships Act	Creates the Public-Private Partnerships Act to authorize the use of public funds, including public or private pension funds, to finance public-private partnerships. Makes other changes.	Identical to HB 3927 (Rep. Hoffman)	Senate Assigned to Subcommittee on Procurement on 2/8/24
SB 2665	Sen. Porfirio	OMA - Active Military Duty	Amends the Open Meetings Act to allow the majority of a public body physically present at the meeting location to allow a member of that body to attend the meeting by video or audio conference if the member is prevented from physically attending because of performance of active military duty as a service member. Defines "active military duty" as service on active duty as a member of the Armed Forces of the United States, the Illinois National Guard, or any reserve component of the Armed Forces of the United States. Defines "service member" as a resident of Illinois who is a member of any component of the U.S. Armed Forces or the National Guard of any state, the District of Columbia, a commonwealth, or a territory of the United States.		Senate Placed on Calendar Order of 2nd Reading on 2/21/24
SB 2678	Sen. Loughran Cappel	Police and Firefighters - Reciprocity	Amends the Downstate Police, Downstate Firefighters, Chicago Police, and Chicago Firefighters articles of the Illinois Pension Code to adopt the Retirement Systems Reciprocal Act. Allows persons entitled to begin receiving a retirement or survivor's annuity on or after the effective date of the legislation to elect to proceed under the Retirement Systems Reciprocal Act.		Senate Referred to Assignments Committee on 1/10/24
SB 2739	Sen. Martwick	State Comptroller - Advanced Monthly Payments to State-Funded Retirement Systems	Amends the GARS, SERS, SURS, TRS, and JRS articles of the Illinois Pension Code to allow for advance payments of monthly State contributions to the five State-funded retirement systems beginning in State fiscal year 2025. Specifically, provides that if the Comptroller requests the applicable Board submit vouchers for multiple monthly payments for advance payment of State contributions due to the applicable System for the fiscal year, then the applicable Board must submit those additional vouchers as directed by the Comptroller. Otherwise, requires the applicable Board to submit monthly vouchers for payment of 1/12th of the State contribution to the System on the 15th day of the month, or as soon thereafter as may be practicable, in accordance with existing practice.		Senate Assigned to Appropriations Committee on 1/31/24

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Legislative Activity Since January 1, 2024					
Bill Number	Sponsor(s)	Short Title	Short Summary	Notes	Status
SB 2797	Sen. Anderson	State Retiree Medicare Primacy Coordination Audit and Assistance Program	Amends the Department of Central Management Services Law of the Civil Administrative Code of Illinois to require CMS and SERS to enter into a contract with a qualified and experienced administrator to establish and conduct a State Retiree Medicare Primacy Coordination Audit and Assistance Program to identify retirees who are eligible for Medicare and to assist such retirees in enrolling in Social Security and Medicare. Requires the program to conduct an annual audit of the State Health Benefits Program for State of Illinois retirees for the purpose of identifying participants and their dependents who are eligible for Medicare. Requires the program to ensure that those retirees or their dependents who are eligible for Medicare are enrolled in Medicare with Medicare as their primary health care benefits coverage. Requires the program to assist any retiree or dependent who becomes disabled and is not enrolled into Social Security Disability Insurance (SSDI) and Medicare with enrolling and obtaining such benefits. Provides that the assistance must include, but not be limited to, developing communications materials, performing multiple outreaches, analyzing responses to determine eligibility, and representing qualified individuals on their claim for SSDI and Medicare. Requires the administrator to provide CMS, SERS, and the General Assembly with an annual report of the number of retirees and dependents who transitioned to SSDI and Medicare and the amount of savings realized by the State. Makes other changes.		Senate Referred to Assignments Committee on 1/17/24
SB 2995	Sen. Bennett	Property Tax Relief Grants	Amends the School Code to require the difference between (1) 25% of the State's general funds and (2) State contributions to SERS, SURS, and TRS to be deposited into the Education Property Tax Relief Fund to award property tax relief grants to property taxpayers beginning in Fiscal Year 2025. Makes other changes.	Similar to HB 4866 (Rep. Ozinga)	Senate Referred to Assignments Committee on 2/2/24
SB 3076	Sen. DeWitte	FOIA - List of Records	Amends the Illinois Freedom of Information Act to require the list of all types or categories of records under a public body's control to include the identification and a plain-text description of each of the types or categories of information of each field of each database of the public body. Requires each public body to provide a sufficient description of the structures of all databases under the control of the public body to allow a requester to request the public body to perform specific database inquiries.		Senate Assigned to Subcommittee on Government Operations on 2/21/24
SB 3118	Sen. Wilcox	FOIA - Public Body Officials	Amends the Illinois Freedom of Information Act to require each public body to designate one or more public body officials or employees to act as its Freedom of Information officer or officers. (Currently, each public body must designate one or more officials or employees to act as its Freedom of Information officer or officers.) Defines a "public body official" as an elected or appointed officeholder of a public body. Establishes that a "public body official" does not include a private attorney or law firm appointed to represent the public body.	Similar to SB 3129 (Sen. Wilcox)	Senate Referred to Assignments Committee on 2/2/24

Contact: Office of Legislative Affairs				Last Updated: 2/29/24	
103RD GENERAL ASSEMBLY - 2024					
Legislation amending the Illinois Pension Code is highlighted in yellow					
Legislative Activity Since January 1, 2024					
Bill Number	Sponsor(s)	Short Title	Short Summary	Notes	Status
SB 3129	Sen. Wilcox	FOIA - Public Body Officials	Amends the Illinois Freedom of Information Act to require each public body to designate one or more public body officials or employees to act as its Freedom of Information officer or officers. (Currently, each public body must designate one or more officials or employees to act as its Freedom of Information officer or officers.) Defines "public body officials" as elected or appointed officeholders of the public body. Establishes that "public body officials" does not include private attorneys or law firms appointed to represent the public body.	Similar to SB 3118 (Sen. Wilcox)	Senate Referred to Assignments Committee on 2/2/24
SB 3157	Sen. Johnson	Online Investment Reports Due By End of Month	Amends the Accountability for the Investment of Public Funds Act to require certain investment information to be made available online by the end of each month (currently, by the 15th of the month). Makes other changes.	Identical to HB 4908 (Rep. Walker)	Senate Assigned to Financial Institutions Committee on 2/14/24
SB 3453	Sen. Martwick	Downstate Police Reciprocity and SURS Tier II Police Retire at Age 55	Amends the Downstate Police Pension Fund article of the Illinois Pension Code to adopt the Retirement Systems Reciprocal Act. Allows persons entitled to begin receiving a retirement or survivor's annuity on or after the effective date of the legislation to elect to proceed under the Retirement Systems Reciprocal Act. Amends the SURS article of the Illinois Pension Code to allow a Tier II police officer with at least 20 years of service to retire at age 55. (Currently, Tier II police officers with at least 20 years of service can retire at age 60.)	Identical to HB 4508 (Rep. Kifowit)	Senate Referred to Assignments Committee on 2/8/24
SB 3494	Sen. Plummer	No Investments in Foreign Adversaries	Creates the Foreign Adversary Divestment Act. Prohibits investments in any foreign adversary, State-owned enterprise of a foreign adversary, company domiciled within a foreign adversary, or company owned or controlled by a foreign adversary, State-owned enterprise of a foreign adversary, compiled domiciled within a foreign adversary, or other entity within a foreign adversary. Prohibits investing or depositing funds into any bank that is domiciled or has its principal place of business in a foreign adversary. Requires total divestment in foreign adversaries by the earlier of January 1, 2026 or 2 years after the effective date. Defines "total divestment" as reducing the value of prohibited investments to no more than 0.05% of the market value of all assets under management. Defines a "foreign adversary" as the People's Republic of China, the Russian Federation, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Republic of Cuba, the Venezuelan regime of Nicolas Maduro, or the Syrian Arab Republic, or any other entity deemed to be a foreign adversary by the Governor in consultation with the Director of IEMA and Office of Homeland Security. Makes other changes.		Senate Referred to Assignments Committee on 2/9/24
SB 3495	Sen. Plummer	Pacific Conflict Stress Test Act	Creates the Pacific Conflict Stress Test Act. Requires the Auditor General conduct an audit of all investments: (1) at risk of substantially losing value or being frozen, seized, or appropriated by foreign adversaries in the event of a Pacific conflict; (2) all investments in any arms industry of a foreign adversary; (3) all investments in State-owned enterprises of a foreign adversary; and (4) all investments in companies domiciled within a foreign adversary or owned by a company domiciled within a foreign adversary. Requires the audit report to recommend strategies for the immediate and complete divestment of assets. Makes other changes.		Senate Referred to Assignments Committee on 2/9/24

Contact: Office of Legislative Affairs				Last Updated: 2/29/24	
103RD GENERAL ASSEMBLY - 2024					
Legislation amending the Illinois Pension Code is highlighted in yellow					
Legislative Activity Since January 1, 2024					
Bill Number	Sponsor(s)	Short Title	Short Summary	Notes	Status
SB 3627	Sen. Turner	Tier II Retirement Age and Automatic Annual Increases	Amends the General Provisions article of the Illinois Pension Code to allow a Tier II member to retire at age 60 with at least 20 years of service credit or age 67 with at least 10 years of service credit. Contains a provision allowing certain Tier II members to retire prior to age 60 with a reduced benefit if the System allows Tier I members to retire prior to age 60 with a reduced benefit. (Currently, Tier II members can retire at age 67 with at least 10 years of service credit or age 62 with at least 10 years of service credit and an age reduction.) Applies automatic annual increases beginning 1 year after retirement. (Currently, automatic annual increases begin on the later of age 67 or 1 year after retirement.) Makes other changes.	Similar to HB 3519 (Rep. Kifowit), HB 3520 (Rep. Kifowit), and SB 3628 (Sen. Turner)	Senate Referred to Assignments Committee on 2/9/24
SB 3628	Sen. Turner	Tier II Pensions Omnibus	Amends the General Provisions, IMRF, Chicago Municipal, Cook County, SERS, and SURS Articles of the Illinois Pension Code to modify benefits under Tier II. Establishes that the changes made by the legislation are intended to be retroactive to January 1, 2011 and apply without regard to whether a member or participant is in active service on or after the effective date of the legislation. Reduces the Tier II final rate of earnings period to be the highest 5 consecutive years of service within the last 10 years of employment. (Currently, the Tier II final rate of earnings period is the highest 8 consecutive years of service out of the last 10 years of employment.) Increases the Tier II pensionable earnings limit to the federal Social Security Wage Base. Allows a Tier II member to retire at age 60 with at least 20 years of service credit or age 67 with at least 10 years of service credit. Contains a provision allowing certain Tier II members to retire prior to age 60 with a reduced benefit if the System allows Tier I members to retire prior to age 60 with a reduced benefit. Allows a Tier II member to begin receiving an automatic annual increase on the January 1 occurring after retirement. (Currently, a Tier II member cannot begin receiving an automatic annual increase until the January 1 occurring on the later of age 67 or 1 year after retirement.) Allows a Tier II member to receive an automatic annual increase on annuities calculated at the greater of 3% or 1/2 of CPI-U, non-compounded. (Currently, Tier II members receive automatic annual increases equal to the lesser of 3% or 1/2 of CPI-U, non-compounded.) Makes other changes.	Similar to HB 3519 (Rep. Kifowit), HB 3520 (Rep. Kifowit), and SB 3627 (Sen. Turner)	Senate Referred to Assignments Committee on 2/9/24
SB 3717	Sen. Johnson	Fossil Fuel Divestment	Creates the Fossil Fuel Divestment Act. Amends the General Provisions article of the Illinois Pension Code to prohibit certain retirement systems and pension funds from investing in: (1) stocks, securities, or other obligations of any fossil fuel company or any subsidiary, affiliate, or parent of any fossil fuel company; and (2) prime commercial paper or corporate bonds issued by a fossil fuel company. Prohibits investments in any indirect investment vehicle unless the investment vehicle is unlikely to have more than 2% of its assets invested in coal, oil, or gas producers. Requires retirement systems and pension funds to divest from stocks, securities, or other obligations of any fossil fuel company or any subsidiary, affiliate, or parent of a fossil fuel company by January 1, 2029. Requires retirement systems and pension funds to post information quarterly on their publicly accessible websites detailing all holdings in the public market and private equity investments. Requires retirement systems and pension funds to issue reports reviewing their ESG investment policies and disclose commonly available environmental performance metrics on the environmental effects of their investments, beginning January 1, 2025 and annually thereafter.	Nearly Identical to HB 3037 (Rep. Guzzardi)	Senate Referred to Assignments Committee on 2/9/24

Contact: Office of Legislative Affairs				Last Updated: 2/29/24	
103RD GENERAL ASSEMBLY - 2024					
Legislation amending the Illinois Pension Code is highlighted in yellow					
Legislative Activity Since January 1, 2024					
Bill Number	Sponsor(s)	Short Title	Short Summary	Notes	Status
SB 3774	Sen. Villivalam	OMA - Closed Meeting Minutes	Amends the Open Meetings Act to allow a public body to hold closed meetings to consider final approval of minutes in closed session. Further provides that, as part of the semi-annual review of closed meeting minutes, the public body may approve any closed session minutes taken since the previous meeting to fully satisfy the requirement to approve closed session minutes at a public meeting.		Senate Assigned to Executive Committee on 2/28/24
SB 3789	Sen. Martwick	Deferred Compensation Plans - Cross-Selling Prohibition Exemptions	Amends the SURS article of the Illinois Pension Code to: (1) allow the SURS DCP recordkeeper to use information received as a result of providing services to solicit participants in the SURS DCP for the purpose of cross-selling nonplan products and services if requested by the System; and (2) exempt links to the SURS DCP recordkeeper's affiliate's website that are generally available to the public, about commercial products, and that may be encountered by a participant in the regular course of navigating the website from cross-selling prohibitions. (Currently, the SURS DCP recordkeeper may only use information received as a result of providing services to solicit participants in the SURS DCP for the purpose of cross-selling nonplan products and services if requested by the participant, and only links to the SURS DCP recordkeeper's website that are generally available to the public, about commercial products, and that may be encountered by a participant in the regular course of navigating the website are exempt from the cross-selling prohibitions.) Makes similar changes under the University Employees Custodial Accounts Act.		Senate Referred to Assignments Committee on 2/9/24

MEMORANDUM

TO: State Universities Retirement System Board of Trustees and Staff
 FROM: Kristen Houch, Director of Legislative and Stakeholder Relations
 SUBJECT: Governor's Introduced FY 2025 Budget
 DATE: 2/21/24

On February 21, 2024, Governor Pritzker presented his [introduced budget](#) for FY 2025.

The Governor's introduced budget appropriates the full certified state contribution to SURS for FY 2025 (or \$2,212,810,000). Of this amount, \$215 million comes from the State Pensions Fund and the remainder (\$1,997,810,000) comes from the General Revenue Fund.

The Governor's introduced budget for FY 2025 proposes four legislative changes for the five state-funded retirement systems:

1. Adjust the funding target from 90% of assets to liabilities by the end of FY 2045 to 100% of assets to liabilities by the end of FY 2048;
2. Make additional contributions from retired debt service obligations between FY 2030 and FY 2040 to reduce unfunded liabilities and save an estimated \$5.1 billion in future state contributions;
3. Implement fixed length amortization strips to prevent major fluctuations in state contributions towards the end of the amortization period, beginning in FY 2035; and
4. Examine the need to adjust the Tier II pensionable earnings limit to the Social Security Wage Base to ensure SURS and TRS (and, with respect to state police officers, SERS) remain Social Security replacement plans.

The Governor's proposed legislative changes will likely be considered during the fall veto session or January lame duck session as part of a larger package to address (1) the Tier II safe harbor issue and (2) benefit increases requested by labor organizations for purposes of employee recruitment and retention.

Of note, the Governor's introduced budget for FY 2025 does not include any additional contributions to reduce the unfunded liabilities of the five state-funded retirement systems in FY 2024 or FY 2025. (Between FY 2022 and FY 2023, the Governor and the General Assembly appropriated an additional \$700 million to reduce the unfunded liabilities of the five state-funded retirement systems. The Governor's Office of Management and Budget estimated those additional contributions would save approximately \$2.4 billion in future contributions.)

The Governor's introduced budget for FY 2025 appropriates the full certified state contribution of \$9,191,049 from the Education Assistance Fund to the College Insurance Program (CIP). The CIP provides health insurance benefits for certain community college retirees and their eligible dependents.

Finally, the Governor's introduced budget for FY 2025 increases the amount of the Governor's salary from \$216,000 to \$226,800. SURS employers pay the employer normal cost on the portion of an employee's earnings that exceeds the Governor's salary.

Fiscal Year 2025: Budget Summary

Planning for Illinois' Fiscal Future

Illinois' Retirement Systems

One of the largest shares of state government spending is dedicated to paying for employee pensions under the five state systems: the Teachers' Retirement System (TRS), the State Universities Retirement System (SURS), the State Employees' Retirement System (SERS), the Judges Retirement System (JRS) and the General Assembly Retirement System (GARS). Thirty years ago, Governor Edgar worked with the General Assembly to enact PA 88-0593, creating a 50-year plan to achieve 90 percent funding of the retirement systems' liabilities by fiscal year 2045. The legislation included a 15-year phase-in period to allow the State to adapt to the plan (the "ramp").

After the ramp ended in fiscal year 2010, the State's contribution was scheduled to remain at a level percentage of payroll for 35 years, until the 90 percent-funded level was achieved. This level percent of payroll calculation was intended to minimize the impact of pension contributions on the state budget.

More than halfway through the 50-year funding plan, **Illinois has never failed to honor its commitments to fund annual pension contributions**. There have been steadily increasing payments to the systems as Illinois has moved further into the plan, adjusting to market swings and actuarial assumption changes by the boards of the systems. Meanwhile, there have been essentially no increases in benefits affecting the liability of the five systems since fiscal year 2003, and payroll costs have fallen far below actuarial expectations.

The creation of a Tier 2, modifying pension benefits for public employees hired on and after January 1, 2011, significantly lowered the baseline costs of the pensions offered to public employees. One of the strongest contributing factors to the future health of the systems is the growing proportion of active Tier 2 members. System actuaries estimate that the State is nearing the point that the number of active Tier 2 members will exceed the number of active Tier 1 members and has already done so for four of the five systems. It is no coincidence that as the systems begin to obtain a critical mass of Tier 2 participants, the funded ratios have begun to improve as well.

State Pension Funding Stability

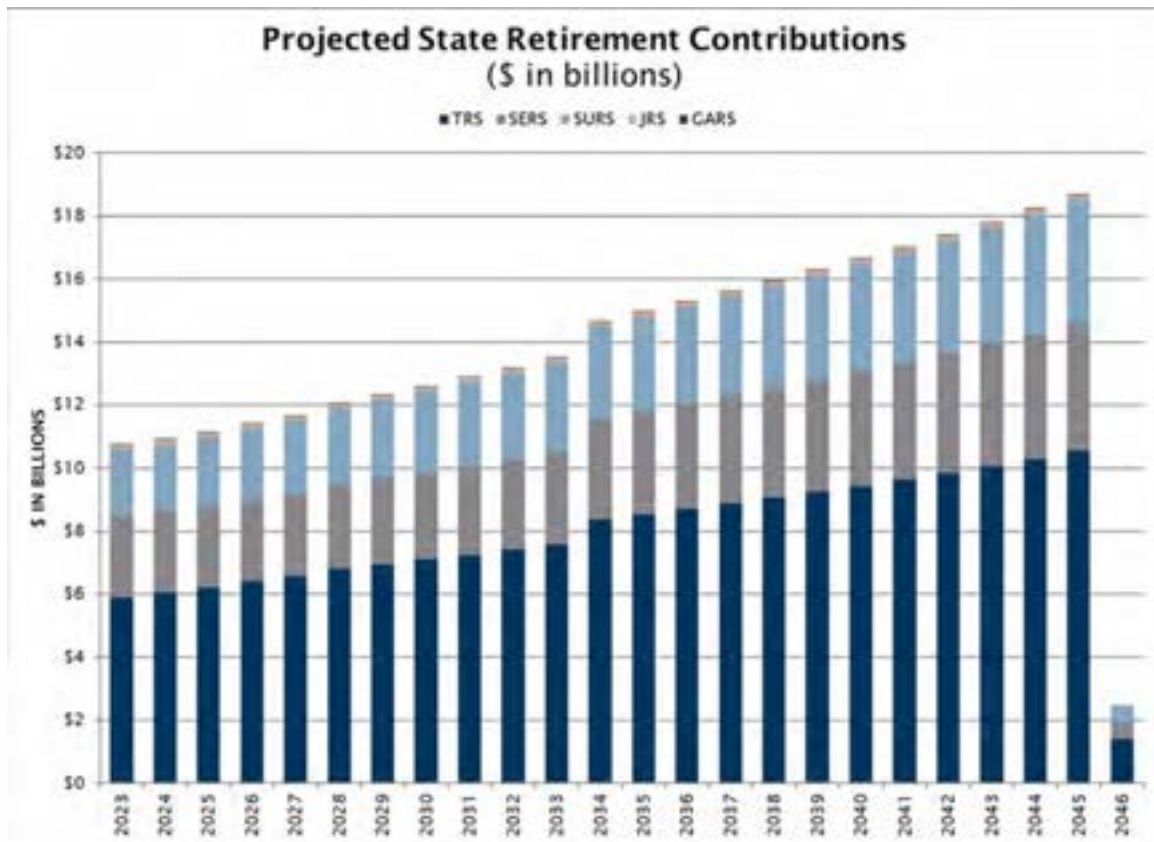
Illinois' pension contributions have grown to over 20 percent of the State's available general funds revenues. The growth in the demands on the share of general funds has been steep since fiscal year 1996; however, it has flattened as a relative share of the budget moving forward. Illinois has taken several recent steps to keep the state on a sustainable path and honor its promises to government retirees.

- **Contributions above system certified amounts**- The State contributed an additional \$700 million above certified amounts to the systems in fiscal years 2022 and 2023. These payments were **the first time since the 1994 funding plan was implemented that additional state revenues were provided above the certified amounts**. These contributions will help pay down the State's pension debt more quickly and will save taxpayers an estimated **\$2.4 billion** by fiscal year 2045.
- **Pension acceleration program** - In 2018, the General Assembly authorized a three-year plan to reduce the liabilities of the systems by allowing retiring members to sell a portion of the value of their post-retirement cost of living adjustments and by permitting inactive employees to "buy-out" of the systems. In 2019, the General Assembly extended the sunset date of the program to fiscal year 2024, and in 2022 legislation extended the program to the end of fiscal year 2026. Significant interest in the program has already resulted in some liability reductions, as well as reductions in necessary annual contributions to the systems. The estimated value of the liability reductions for the retirement systems totals approximately **\$2.0 billion**. As a result, the fiscal year 2025 contribution to SERS is estimated to be \$40 million lower and to TRS \$96 million lower than it would have been without the program.
- **Successful investment management** - The pension systems are working collaboratively to make investments that minimize volatility and produce the highest risk-adjusted returns.

Fiscal Year 2025: Budget Summary

Looking ahead at the future contribution schedule under the 1994 pension funding plan, a few unique factors stand out:

- The 90 percent pension funded ratio target was set in 1994, and Illinois' public retirement systems are among the few large public retirement systems that do not have a 100 percent funded target as their goal. Under the current plan, the State's remaining unfunded pension liabilities in fiscal year 2045 would total an estimated \$33.6 billion.¹⁶
- Pension contributions by the State are estimated to grow from just under \$11 billion in fiscal year 2026 to over \$18 billion by fiscal year 2045, a compounded annual growth rate of approximately 2.6 percent per year.
- Contributions are expected to drop off drastically after fiscal year 2045 once the 90 percent target is achieved.
 - Estimated contributions drop from \$18.7 billion in fiscal year 2045 to \$2.5 billion in fiscal year 2046 (85 percent reduction).
- Under the current funding plan, actual performance that deviates from actuarial assumptions must be made up by fiscal year 2045.
 - As Illinois gets closer to fiscal year 2045, the "runway" to get caught up shortens.¹⁷



Source: Retirement Systems Actuarial Valuations, FY2046: TRS and GOMB Estimate

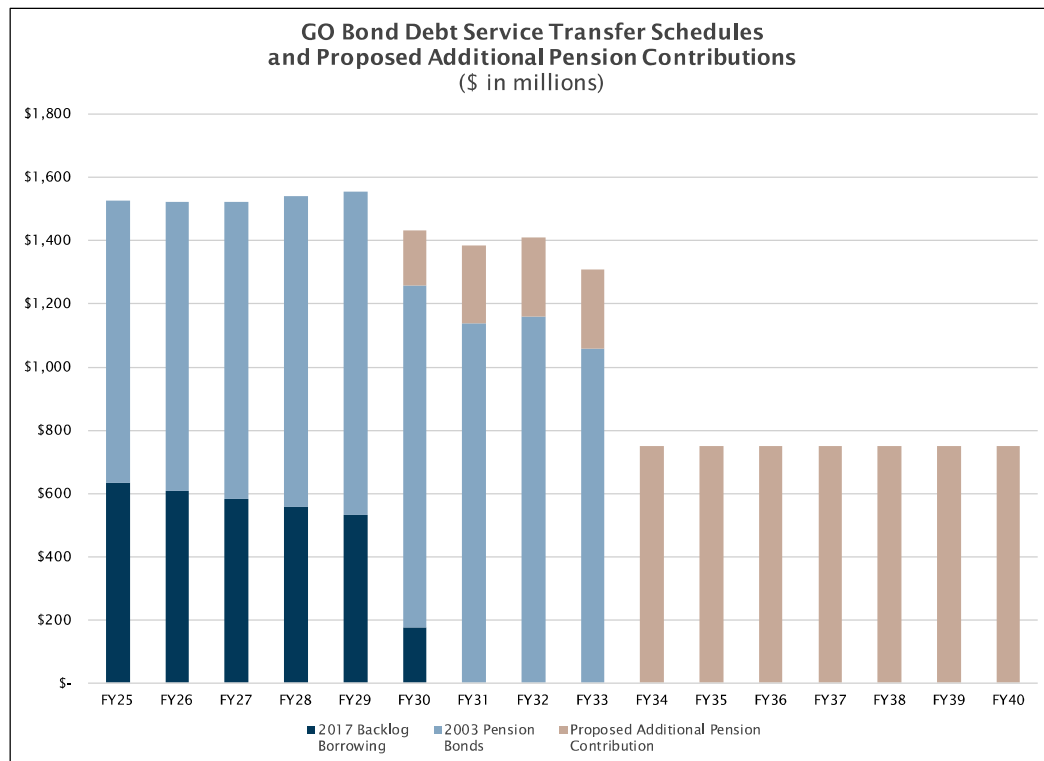
As Illinois nears the final 20 years of its 50-year funding plan, it is time to re-evaluate the current funding schedule and reassess the State's funding goals. The Governor is proposing a multi-tiered approach to manage the State's commitment:

¹⁶ <https://cgfa.ilga.gov/Upload/1123%20Special%20Pension%20Briefing%20Revised.pdf>

¹⁷ For instance, if there is a large drop in the stock market that impacts the systems' investment returns in fiscal year 2043, the State would be required to contribute the full shortfall to reach 90 percent funding in fiscal year 2045, the one remaining year under the Illinois funding plan.

Fiscal Year 2025: Budget Summary

1. **Increase statutory funded ratio goal to 100 percent funded.** One flaw built into the 1994 plan is the 90 percent target for the pension funded ratio. Nearly all other states and pension actuaries set a target of 100 percent,¹⁸ Credit rating agencies and bond investors have consistently pointed to Illinois' 90 percent target as inadequate. Adding three additional years to the funding payment plan (with the target of fiscal year 2048) will get Illinois to 100 percent funded, similar to peer states, and provides a plan to pay off the remaining \$33.6 billion in unfunded liabilities. This will position the State for long-term fiscal stability.
2. **Increase State's annual contributions when legacy debts are paid off.** In 2017, the State issued \$6 billion in general obligation bonds to pay off a portion of the State's backlog coming out of the budget impasse. \$500 million of these bonds will be paid off annually until fiscal year 2030. Additionally, the State is still paying off the remaining \$7.65 billion outstanding from the \$10 billion borrowed in 2003 for pension funding.



These bonds will be repaid in fiscal year 2033.¹⁹ As these bonded debts are paid off, the Governor is proposing to dedicate half of the savings to the State's pension systems. The resulting increased annual pension contributions will flatten the State's payment curve and save taxpayers significant future interest costs. Increasing the contributions in fiscal years 2030 through 2040 will help pay down the State's pension debt more quickly and will save taxpayers an **estimated \$5.1 billion** by fiscal year 2045.

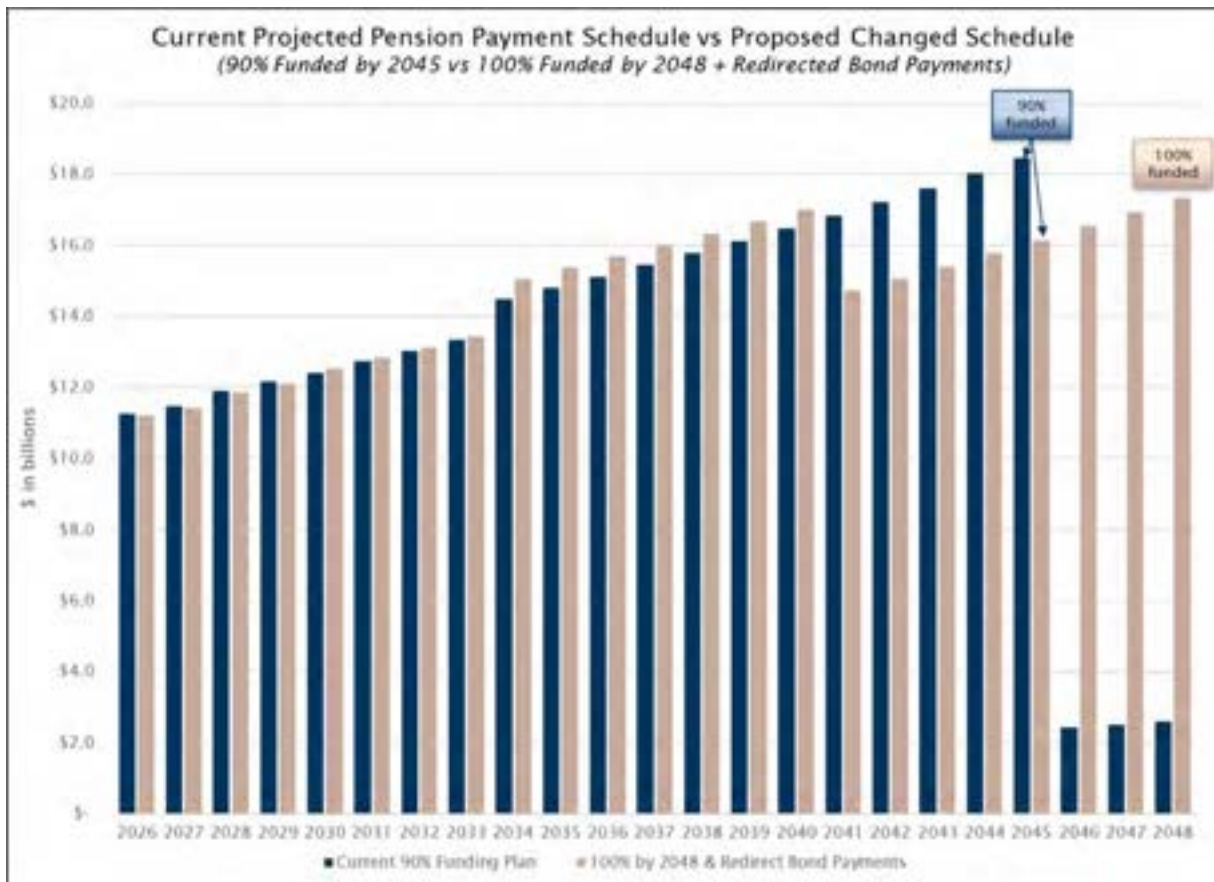
The impact of these first two changes is modeled in the chart below which illustrates the current projected pension payment schedule compared to projected payments if the funded ratio were adjusted to 100 percent by 2048 *and* additional payments were made in fiscal years 2030 through 2040 as the bonded debt is paid off. Additionally, under the Governor's proposal the compounded

¹⁸ See e.g., https://www.actuary.org/sites/default/files/files/80_Percent_Funding_IB_071912.pdf: "Actuarial funding methods generally are designed with a target of 100% funding—not 80%. If the funded ratio is less than 100%, contribution patterns are structured with the objective of attaining a funded ratio of 100% over a reasonable period of time." See also the Government Finance Officers Association recommendations: <https://www.gfoa.org/materials/sustainable-funding-practices-for-defined-benefit-pensions>

¹⁹ See Chapter 7: Debt Management, for more information on the maturity schedules of these bonds.

Fiscal Year 2025: Budget Summary

annual growth rate falls to about 1.85 percent – lower than the approximately 2.6 rate under the current funding plan.



3. **Address the challenge of a shortening “runway” through fixed length amortization strips.** In any given fiscal year, a retirement system’s performance will not mirror exactly all actuarial assumptions of its board – there may be over- or under-performance. Following the current statutory funding process, Illinois will absorb those differences, with the possibility of much higher payments, within the State’s closed funding period. However, as noted by the State Actuary,²⁰ many public pension systems in other states create a layer of fixed length amortization strips to address their retirement systems’ annual over- or under-performance.²¹ The Governor is proposing to switch to this type of approach beginning in fiscal year 2035 by creating fixed length amortization strips. This will additionally help soften the potential shock to the state budget that could occur if there are short-term negative returns as we approach the “cliff” at the end of the funding ramp.
4. **Review and, if necessary, adjust the Tier 2 pensionable earnings cap to the Social Security Wage Base for employees not coordinated with Social Security.** Most TRS and SURS members and a limited number of SERS members are not covered by Social Security and must rely more heavily on their State pensions for a secure retirement. As part of an overall review of funding the State’s pension debts, the Governor encourages the boards of the affected retirement systems and the legislature to review and

²⁰ From [2023 Office of the Auditor General’s State Actuary Report](https://www.auditor.illinois.gov/Audit-Reports/Performance-Special-Multi/State-Actuary-Reports/2023-State-Actuary-Rpt-Full.pdf) – “Finally, as the remaining period to achieve 90% funding shortens, the State mandated method will also produce more volatile contributions. Instead of a single fixed period, typical public plan amortization methods use layered amortization bases such that new assumption changes and experienced gains and losses are amortized over a new period (e.g., 20 years) while the remaining period for the prior amortization layers becomes one year shorter.” <https://www.auditor.illinois.gov/Audit-Reports/Performance-Special-Multi/State-Actuary-Reports/2023-State-Actuary-Rpt-Full.pdf>

²¹ See “Overview of Public Pension Plan Amortization Policies,” National Association of State Retirement Administrators, April 2022, which notes that the Conference of Consulting Actuaries Public Plans Community recommends actuarial experience gain/loss be amortized over 15 to 20 years. <https://www.nasra.org/Files/Papers/NASRA%20Amortization%20Overview.pdf>

Fiscal Year 2025: Budget Summary

adjust, if necessary, the structure of the Tier 2 pensionable earnings cap for employees not coordinated with Social Security to ensure that the systems are and remain compliant with federal law. However, the review should focus on addressing that issue as part of an overall review of the State's pension funding plan.

Taking this layered approach ensures the stability of the pension systems and funds the commitments made to thousands of teachers, university and community college staff and state employees while finding a middle ground that enables state government to continue to fund the level of services that Illinoisans require.

Local Government Pension Systems

While the five statewide pension systems tend to be the focus of annual state budgets, there are other local pension plans in the State that have a significant impact on local governments and on local property taxes, most notably suburban and downstate pension funds for police officers and firefighters. Based on the recommendations of a task force appointed by the Governor, PA 101-0610, effective January 1, 2020, provided for the consolidation of the assets of approximately 650 local police and firefighter pension funds into two statewide police and firefighter investment funds. It was anticipated that the new consolidated investment funds would be able to leverage their collective buying power of \$17 billion in assets, with \$9.7 billion in the police fund and \$7.1 billion in the firefighters' fund, to increase investment returns and lower management costs.

However, a number of active and retired-beneficiary representatives from multiple suburban and downstate police and firefighter pension funds filed suit challenging the constitutionality of the legislation. The circuit court granted summary judgment in favor of the State; the local pension funds appealed. On appeal, the Second District Appellate Court affirmed the circuit court's grant of summary judgment, and on January 19, 2024, the Illinois Supreme Court unanimously affirmed the circuit court's order granting summary judgment in favor of the State. While the litigation was pending, many police pension funds delayed transferring their assets to the investment fund. As a result, the anticipated relief for local property taxes has not yet occurred and the estimated money-saving returns (up to \$2.5 billion over the next five years alone and billions more over the next 20 years) have been delayed. The Governor believes that as the benefits from the pension consolidation materialize, local governments should seize the opportunity to lower property taxes.

Supporting Illinois' Local Governments

The operations of local governments are a critical part of the state financial infrastructure. When possible, the State has provided additional funding mechanisms to help local governments, including one-time and permanent revenue supports to minimize the need for local property tax increases. Examples of on-going support, totaling over **\$1.3 billion** annually, enacted since Governor Pritzker took office include:

- An additional **\$200 million** a year in sales taxes from the passage of internet sales tax language following the *Wayfair* decision, including the Leveling the Playing Field for Illinois Retail Act, to help ensure compliance with state tax laws on internet sales.
- Over **\$680 million** annually in additional motor fuel taxes directed to local governments and transit districts to support needed transportation projects through the passage of Rebuild Illinois.
- Granting **\$1.5 billion** in state transportation bond funds directly to local governments for road and highway project expenditures, saving local governments **\$110 million** annually in debt service costs from not issuing local bonds.
- Authorization of adult-use cannabis, generating an estimated **\$100 million** in additional revenues for local governments.
- Increased allocations through the Local Government Distributive Fund process totaling **\$46 million** annually from business loophole closures included in PA 102-0016.
- Increased tax rates and positions for video gaming operations expected to generate an additional **\$80 million** a year for local governments.

Table I-B - Operating Appropriations by Program

Appropriations Requiring General Assembly Action (\$ thousands)	Fiscal Year 2023		Fiscal Year 2024		Fiscal Year 2025
	Enacted Appropriation	Actual Expenditure	Enacted Appropriation	Estimated Expenditure	Governor's Proposed
Service Programs	17,443.3	3,798.6	25,470.0	25,470.0	13,790.0
General Funds	3,273.3	763.1	11,300.0	11,300.0	1,300.0
Other State Funds	70.0	50.0	70.0	70.0	70.0
Federal Funds	14,100.0	2,985.4	14,100.0	14,100.0	12,420.0
Teacher and Worker Shortage Programs	124,890.3	50,513.0	84,560.5	31,160.5	31,076.4
General Funds	12,690.3	7,042.2	21,376.4	18,476.4	21,626.4
Other State Funds	8,400.0	3,039.2	8,400.0	8,400.0	8,400.0
Federal Funds	103,800.0	40,431.6	54,784.1	4,284.1	1,050.0
Illinois Mathematics And Science Academy					
Educational Attainment	24,816.4	21,722.3	30,466.4	15,649.7	31,407.9
General Funds	19,891.4	19,867.9	24,541.4	13,838.0	25,482.9
Other State Funds	4,925.0	1,854.5	5,925.0	1,811.7	5,925.0
State Universities Retirement System					
Pension Contributions	2,118,567.0	2,118,567.0	2,133,335.0	2,133,335.0	2,212,810.0
General Funds	1,903,567.0	1,903,567.0	1,918,335.0	1,918,335.0	1,997,810.0
Other State Funds	215,000.0	215,000.0	215,000.0	215,000.0	215,000.0
Retiree Healthcare Contributions	29,937.8	29,937.8	7,712.0	7,712.0	9,191.0
General Funds	29,937.8	29,937.8	7,712.0	7,712.0	9,191.0
State Universities Civil Service System					
Merit System for Higher Education	1,170.5	1,063.3	1,241.8	1,241.8	1,444.5
General Funds	1,170.5	1,063.3	1,241.8	1,241.8	1,444.5
Total Improve School Readiness and Student Success for All					
General Funds	20,406,349.2	20,357,664.6	21,451,750.5	21,433,112.5	22,256,737.3
Other State Funds	767,235.5	623,266.4	790,222.2	691,537.8	746,761.1
Federal Funds	9,864,534.6	3,985,428.4	7,613,061.8	3,907,591.1	5,369,220.7
Total All Funds	31,038,119.3	24,966,359.4	29,855,034.5	26,032,241.5	28,372,719.2
Total Education					
General Funds	20,406,349.2	20,357,664.6	21,451,750.5	21,433,112.5	22,256,737.3
Other State Funds	767,235.5	623,266.4	790,222.2	691,537.8	746,761.1
Federal Funds	9,864,534.6	3,985,428.4	7,613,061.8	3,907,591.1	5,369,220.7
Total All Funds	31,038,119.3	24,966,359.4	29,855,034.5	26,032,241.5	28,372,719.2
Economic Development					
Increase Employment and Attract, Retain, and Grow Businesses					
Office Of The Lieutenant Governor					
Chair of the Military Economic Development Committee	557.7	530.9	666.6	666.6	741.1
General Funds	557.7	530.9	666.6	666.6	741.1
Rural Affairs	605.2	561.2	714.1	714.1	788.6
General Funds	605.2	561.2	714.1	714.1	788.6
Department On Aging					
Senior Employment Services	6,746.6	4,107.4	6,852.0	6,795.7	6,840.3
General Funds	2,331.1	1,793.6	2,432.6	2,411.3	2,416.7
Federal Funds	4,415.5	2,313.8	4,419.4	4,384.4	4,423.6
Department Of Agriculture					
Marketing and Promotion	18,979.2	17,772.2	53,077.7	30,103.4	48,247.9
General Funds	2,399.8	2,348.7	5,766.5	5,634.6	3,114.0
Other State Funds	15,645.1	14,573.5	16,043.9	15,728.9	15,216.8
Federal Funds	934.3	850.0	31,267.4	8,740.0	29,917.1
Department Of Commerce And Economic Opportunity					
Advantage Illinois - Business Finance	820,691.1	28,909.9	828,193.0	523,490.1	818,240.2
General Funds	294.1	288.8	10,392.3	10,392.3	467.2
Other State Funds	818,793.0	27,870.4	817,543.0	512,936.6	817,530.0
Federal Funds	1,604.0	750.7	257.7	161.2	243.0

Public Retirement Systems

OVERVIEW

The State Employees' Retirement System, General Assembly Retirement System, Judges Retirement System, Teachers' Retirement System and State Universities Retirement System provide retirement benefits to their eligible members who have retired from public employment. Public employers and employees contribute to the systems, and these contributions, along with the systems' investment income, provide financial resources for the payment of retirement benefits, administrative costs, and the purchase of the systems' investments.

The following table shows active members, inactive members entitled to benefits, and retirees and beneficiaries receiving annuities from each system at the end of fiscal year 2023. A table of assets, liabilities, and funded ratios covering fiscal years 2019 through 2023 is included at the end of this chapter. Appropriations for the State's contributions to each system are included in Chapter 6, Agency Budget Detail.

Members of the Illinois Retirement Systems As of June 30, 2023		
Pension System	Members (including Annuitants)	Annuitants Only
Teachers (TRS)	444,993	130,051
Universities (SURS)	247,963	72,580
State Employees (SERS)	172,809	78,036
Judges (JRS)	2,356	1,378
General Assembly (GARS)	629	441
Total	868,750	282,486

Source: Retirement Systems' 2023 Annual Reports

Funding History

Under the Illinois Pension Code, the State is required to make an annual contribution to each retirement system based on an amount certified by each system. The State's liability to the retirement systems, referred to as the "actuarial accrued liability," is calculated by the actuary of each retirement system. These calculations are based on a variety of actuarial assumptions, including future benefits to be paid to annuitants, future investment returns, and other key factors like mortality rates. The unfunded actuarial accrued liability, or "unfunded liability," is the difference between the value of a system's assets and its actuarial accrued liability. The value of a system's assets is measured in two different ways: (1) by determining the current fair market value of the system's assets, or (2) by calculating the actuarial value of assets by smoothing investment returns over a five-year period. Each of the five state retirement systems historically has been underfunded, resulting in a significant unfunded actuarial accrued liability.

In 1995, this unfunded liability had reached almost \$20 billion. To address this issue, the State enacted an annual funding requirement that became effective in fiscal year 1996, sometimes referred to as the "50-year funding plan." This funding plan, which remains in law today, was designed to achieve a 90 percent funded ratio by the end of fiscal year 2045. In each fiscal year beyond fiscal year 2045, the State is required to contribute to each retirement system the amount necessary to maintain each system's funded ratio at 90 percent.

The 50-year funding plan consists of two phases: (1) a 15-year "ramp-up period" of State contributions based on an increasing percentage of payroll each year, which began in fiscal year 1996 and ended in fiscal year 2010, followed by (2) a 35-year period of annual contributions equal to the level percent of payroll necessary to cause the funded ratio to equal 90 percent by fiscal year 2045.

While adoption of this statutory funding plan for the retirement systems helped regulate annual funding, the 1995 unfunded liability of \$20 billion nevertheless grew to almost \$76 billion by fiscal year 2010, the end of the ramp-up period. That growth was attributable to, among other factors, the funding structure during the ramp-up period and investment returns below actuarially targeted levels. The unfunded liability growth was further exacerbated by benefit enhancements enacted in the late 1990s through 2002, without commensurate

Public Retirement Systems

additional funding, and by reductions in contributions, enacted in 2006 and 2007, to levels below those originally contemplated by the statutory funding plan.

In calendar year 2010, the General Assembly enacted legislation that changed the way pension benefits would be determined and reduced the value of the benefits for new state employees. Effective January 1, 2011, those employed prior to this date were designated Tier 1 members; those hired on and after this date were designated Tier 2 members, among other changes. Tier 1 members continue to be eligible for pension annuities that include an automatic annual increase (AAI) of 3 percent compounded annually. Tier 2 members are eligible for pension annuities with a reduced and delayed AAI: the lesser of 3 percent or one half of the increase in the Consumer Price Index, non-compounded, starting at age 67. This has reduced the projected liabilities of the systems.

In calendar year 2013, the General Assembly enacted pension reform legislation intended to make additional benefit and funding changes applicable to all system members. This would have further reduced pension liabilities. However, the legislation was declared unconstitutional by the Illinois Supreme Court because it had the effect of reducing existing member benefits. The changes never went into effect.

In calendar year 2018, the General Assembly enacted legislation authorizing two types of temporary pension benefit acceleration programs to run through June 30, 2021. One program offers an accelerated pension benefit payment to any Tier 1 member who elects to receive his or her pension annuities with a reduced AAI of 1.5 percent, non-compounded, starting at age 67, in lieu of the standard Tier 1 AAI of 3 percent compounded annually. The accelerated payment is equal to 70 percent of the difference between the actuarial present values of the regular Tier 1 AAI and the reduced AAI. The other program offers an accelerated pension benefit payment to any inactive, vested member who has terminated employment but has not yet received a retirement annuity. In that case, the accelerated pension benefit payment, equal to 60 percent of the actuarial present value of future pension benefits, is in lieu of all future benefits. The retirement systems are now running these programs.

At the Governor's recommendation, the General Assembly extended the life of the pension acceleration programs from their original sunset date until June 30, 2026. Over time, these programs will modestly reduce the actuarial accrued liabilities of the systems and have a positive impact on the trajectory of pension costs. By January 1, 2024, the systems had vouchered about \$1.3 billion in accelerated pension payments.

During fiscal years 2022 and 2023, for the first time since the 50-year funding plan was put into place, the State contributed additional state revenues above the certified amounts: \$300 million in fiscal year 2022 and \$400 million in fiscal year 2023. These contributions helped to pay down the State's pension debt more quickly and will save taxpayers over \$2 billion by fiscal year 2045.

Illinois has completed its 28th year of the 50-year funding plan, passing the halfway point. While the unfunded liability has grown significantly over the 28 years, so have the annual state contributions required under the plan. The fiscal year 2025 budget provides full funding for the annual increase in the state contributions certified in accordance with the funding plan.

Current Required Contributions, Unfunded Liability, and Funded Status

Based on the certifications of the systems under current law, the fiscal year 2025 annual contributions to the retirement systems, paid from the general funds, will total \$10.1 billion, a \$322.1 million increase over the estimated \$9.8 billion fiscal year 2024 certified payments. Debt service payments on pension funding bonds and pension acceleration bonds in fiscal year 2025 will total \$1,160.0 million.

Assets of each system are measured in two ways: (1) fair value, which is the market value of all assets at the end of each fiscal year, and (2) actuarial value, or "smoothed" value, which averages investment gains or losses resulting from changes in actuarial adjustments over a five-year period for each fiscal year. At the end of fiscal year 2023, the unfunded liability was \$142.2 billion based on the fair market value of assets, or \$141.4 billion based on the actuarial value of assets.

Public Retirement Systems

The funded ratio based on fair value for all plans increased from 43.8 percent at the end of fiscal year 2022 to 44.6 percent at the end of fiscal year 2023. The funded ratio based on actuarial value increased from 44.1 percent in fiscal year 2022 to 44.9 percent in fiscal year 2023.

Public Retirement Systems

Funded Ratios (\$ in millions)

All Systems ¹	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Actuarial Accrued Liabilities	\$229,800.0	\$236,548.2	\$242,935.6	\$248,762.2	\$256,764.7
Assets (Fair Value)	\$92,591.3	\$92,300.5	\$113,262.5	\$108,987.4	\$114,522.7
Assets (Actuarial Value)	\$92,611.1	\$95,557.3	\$103,087.9	\$109,747.4	\$115,398.6
Unfunded Liabilities (Fair Value)	\$137,208.7	\$144,247.7	\$129,673.1	\$139,774.8	\$142,242.0
Unfunded Liabilities (Actuarial Value)	\$137,188.9	\$140,990.9	\$139,847.6	\$139,014.8	\$141,366.1
Funded Ratio (Fair Value)	40.3%	39.0%	46.6%	43.8%	44.6%
Funded Ratio (Actuarial Value)	40.3%	40.4%	42.4%	44.1%	44.9%
Teachers' Retirement System	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Actuarial Accrued Liabilities	\$131,457.0	\$135,598.5	\$138,914.3	\$143,523.7	\$148,398.3
Assets (Fair Value)	\$53,262.8	\$52,316.5	\$64,212.5	\$62,833.6	\$66,504.7
Assets (Actuarial Value)	\$53,391.2	\$54,891.0	\$58,979.9	\$62,910.4	\$66,502.3
Unfunded Liabilities (Fair Value)	\$78,194.2	\$83,282.1	\$74,701.8	\$80,690.1	\$81,893.6
Unfunded Liabilities (Actuarial Value)	\$78,065.8	\$80,707.6	\$79,934.4	\$80,613.3	\$81,896.0
Funded Ratio (Fair Value)	40.5%	38.6%	46.2%	43.8%	44.8%
Funded Ratio (Actuarial Value)	40.6%	40.5%	42.5%	43.8%	44.8%
State Universities Retirement System	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Actuarial Accrued Liabilities	\$46,443.9	\$47,580.5	\$48,898.5	\$49,869.9	\$51,050.8
Assets (Fair Value)	\$19,717.3	\$19,617.0	\$23,768.3	\$22,523.1	\$23,193.2
Assets (Actuarial Value)	\$19,661.9	\$20,091.7	\$21,484.8	\$22,554.8	\$23,381.2
Unfunded Liabilities (Fair Value)	\$26,726.6	\$27,963.5	\$25,130.2	\$27,346.8	\$27,857.5
Unfunded Liabilities (Actuarial Value)	\$26,782.0	\$27,488.8	\$27,413.7	\$27,315.2	\$27,669.5
Funded Ratio (Fair Value)	42.5%	41.2%	48.6%	45.2%	45.4%
Funded Ratio (Actuarial Value)	42.3%	42.2%	43.9%	45.2%	45.8%
State Employees' Retirement System	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Actuarial Accrued Liabilities	\$48,731.4	\$50,145.8	\$51,828.5	\$52,049.7	\$53,908.5
Assets (Fair Value)	\$18,478.3	\$19,191.4	\$23,825.0	\$22,272.9	\$23,415.4
Assets (Actuarial Value)	\$18,429.2	\$19,389.5	\$21,323.6	\$22,892.7	\$24,072.1
Unfunded Liabilities (Fair Value)	\$30,253.1	\$30,954.4	\$28,003.5	\$29,776.9	\$30,493.1
Unfunded Liabilities (Actuarial Value)	\$30,302.3	\$30,756.3	\$30,504.8	\$29,157.0	\$29,836.4
Funded Ratio (Fair Value)	37.9%	38.3%	46.0%	42.8%	43.4%
Funded Ratio (Actuarial Value)	37.8%	38.7%	41.1%	44.0%	44.7%
Judges Retirement System	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Actuarial Accrued Liabilities	\$2,793.0	\$2,849.9	\$2,920.6	\$2,955.6	\$3,041.4
Assets (Fair Value)	\$1,073.1	\$1,112.5	\$1,377.1	\$1,280.6	\$1,325.9
Assets (Actuarial Value)	\$1,068.7	\$1,121.3	\$1,227.4	\$1,309.8	\$1,357.1
Unfunded Liabilities (Fair Value)	\$1,719.9	\$1,737.3	\$1,543.5	\$1,675.1	\$1,715.5
Unfunded Liabilities (Actuarial Value)	\$1,724.3	\$1,728.6	\$1,693.2	\$1,645.8	\$1,684.3
Funded Ratio (Fair Value)	38.4%	39.0%	47.1%	43.3%	43.6%
Funded Ratio (Actuarial Value)	38.3%	39.3%	42.0%	44.3%	44.6%
General Assembly Retirement System	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Actuarial Accrued Liabilities	\$374.6	\$373.5	\$373.7	\$363.2	\$365.7
Assets (Fair Value)	\$59.7	\$63.0	\$79.6	\$77.2	\$83.4
Assets (Actuarial Value)	\$60.1	\$63.9	\$72.2	\$79.7	\$85.8
Unfunded Liabilities (Fair Value)	\$314.9	\$310.5	\$294.1	\$285.9	\$282.3
Unfunded Liabilities (Actuarial Value)	\$314.5	\$309.6	\$301.5	\$283.4	\$279.9
Funded Ratio (Fair Value)	15.9%	16.9%	21.3%	21.3%	22.8%
Funded Ratio (Actuarial Value)	16.0%	17.1%	19.3%	22.0%	23.5%

¹ The Self-Managed Plan (SMP) under the State Universities Retirement System is not included in the "All Systems" totals. It is a defined contribution plan and by definition is fully funded.

State Universities Retirement System

RESOURCES BY FUND

Fund Category	Appropriations (\$ thousands)			Agency Submitted Headcount		
	FY 2023 Actual	FY 2024 Enacted	FY 2025 Recommended	FY 2023 Actual	FY 2024 Estimated	FY 2025 Target
General Funds	1,933,504.8	1,926,047.0	2,007,001.0	0.0	0.0	0.0
Other State Funds	215,000.0	215,000.0	215,000.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0
Total All Funds	2,148,504.8	2,141,047.0	2,222,001.0	0.0	0.0	0.0

RESOURCES BY RESULT / OUTCOME / PROGRAM

Result / Outcome / Program	Appropriations (\$ thousands)			Agency Submitted Headcount		
	FY 2023 Actual	FY 2024 Enacted	FY 2025 Recommended	FY 2023 Actual	FY 2024 Estimated	FY 2025 Target
Education						
Improve School Readiness and Student Success for All						
Pension Contributions	2,118,567.0	2,133,335.0	2,212,810.0	0.0	0.0	0.0
Retiree Healthcare Contributions	29,937.8	7,712.0	9,191.0	0.0	0.0	0.0
Outcome Total	2,148,504.8	2,141,047.0	2,222,001.0	0.0	0.0	0.0

APPROPRIATIONS BY FUND CATEGORY / MAJOR OBJECT

Appropriations Requiring General Assembly Action (\$ thousands)	FY 2023		FY 2024		FY 2025
	Enacted Appropriation	Actual Expenditure	Enacted Appropriation	Estimated Expenditure	Governor's Proposed
GENERAL FUNDS					
Total Personal Services and Fringe Benefits	1,903,567.0	1,903,567.0	1,918,335.0	1,918,335.0	1,997,810.0
Designated Purposes					
College Insurance Program - Additional Contribution	25,000.0	25,000.0	0.0	0.0	0.0
College Insurance Program - Base Contribution	4,937.8	4,937.8	7,712.0	7,712.0	9,191.0
Total Designated Purposes	29,937.8	29,937.8	7,712.0	7,712.0	9,191.0
TOTAL GENERAL FUNDS	1,933,504.8	1,933,504.8	1,926,047.0	1,926,047.0	2,007,001.0
OTHER STATE FUNDS					
Grants					
Retirement Contributions per Section 8.12 of the State Finance Act	215,000.0	215,000.0	215,000.0	215,000.0	215,000.0
Total Grants	215,000.0	215,000.0	215,000.0	215,000.0	215,000.0
TOTAL OTHER STATE FUNDS	215,000.0	215,000.0	215,000.0	215,000.0	215,000.0

State Universities Retirement System

APPROPRIATIONS BY FUND

Appropriations Requiring General Assembly Action (\$ thousands)	FY 2023		FY 2024		FY 2025
	Enacted Appropriation	Actual Expenditure	Enacted Appropriation	Estimated Expenditure	Governor's Proposed
General Revenue Fund	1,928,567.0	1,928,567.0	1,918,335.0	1,918,335.0	1,997,810.0
Education Assistance Fund	4,937.8	4,937.8	7,712.0	7,712.0	9,191.0
State Pensions Fund	215,000.0	215,000.0	215,000.0	215,000.0	215,000.0
TOTAL ALL FUNDS	2,148,504.8	2,148,504.8	2,141,047.0	2,141,047.0	2,222,001.0

APPROPRIATIONS BY DIVISION

Appropriations Requiring General Assembly Action (\$ thousands)	FY 2023		FY 2024		FY 2025
	Enacted Appropriation	Actual Expenditure	Enacted Appropriation	Estimated Expenditure	Governor's Proposed
Retirement	2,148,504.8	2,148,504.8	2,141,047.0	2,141,047.0	2,222,001.0
TOTAL ALL DIVISIONS	2,148,504.8	2,148,504.8	2,141,047.0	2,141,047.0	2,222,001.0

HEADCOUNT BY DIVISION

Agency Submitted Headcount by Division	FY 2023 Actual	FY 2024 Estimated	FY 2025 Requested
TOTAL HEADCOUNT (Estimated)	0.0	0.0	0.0



MEMORANDUM

To: Legal & Legislative Committee

From: Albert J. Lee, Associate General Counsel

Date: February 16, 2024

Re: Rulemaking Update

I. Candidate Informational Communication Rulemaking Status

The amendment to the rule entitled “Candidate Informational Communication” allows SURS to provide one email communication per election cycle for each board election candidate to be sent to eligible voters. The Board approved proposed amendments to Title 80, Section 1600.745 of the Illinois Administrative Code at its June 2023 quarterly meeting. The First Notice version was published in the Illinois Register on September 29, 2023, in Volume 47, Issue 39, Page 13879 (47 Ill. Reg. 13879). The Joint Committee on Administrative Rules (JCAR) accepted the rulemaking for Second Notice on December 7, 2023, and, after consideration at a meeting held on January 16, 2024, issued a letter of No Objection. SURS is currently seeking final adoption of the rulemaking with the Office of the Secretary of State with an anticipated publication date in March 2024.

II. New Proposed Rulemakings

Staff proposes new rulemakings under Title 80, Part 1600 of the Illinois Administrative Code that address several long-standing topics that have been listed on the SURS Regulatory Agenda and others that arise from recent legislation. The proposed rulemaking language is enclosed with this memorandum. The proposed rules are summarized below:

- A. Section 1600.100 Definitions** – Updates the definition of the “annuity payment period” to incorporate the reference to Section 401(a)(9) of the Internal Revenue Code, as provided under Section 15-135(b) of the Illinois Pension Code. Provides clarifying definitions of “termination of employment” and the “discontinuation of the disability retirement annuity” for purposes of this definition.
- B. New Section 1600.160 Information Submission Deadlines, Penalties, and Suspensions** – Adds a new rule that implements Section 15-168 of the Illinois Pension Code concerning informational requests directed at employers, participants, beneficiaries, and annuitants. The new rule defines what information is necessary for the proper administration of the System; assesses employer penalties for untimely responses to requests for necessary information; and temporarily suspends benefits if a participant, beneficiary, or annuitant fails to provide necessary information within the statutory deadlines after receipt of a SURS request.

- C. Section 1600.260 Part-time/Concurrent Service Adjustment** – Updates the rule to clarify that part-time service adjustments under Section 15-134.1(b) do not apply to members who are participants on or after September 1, 2024. This change was enacted under Public Act 103-548, which was signed into law on August 11, 2023. Although not addressed in this rule, another change under Public Act 103-548 is the removal of the requirement that a participant must qualify as an employee for at least 15 or more days in a month for the month to count toward service credit.
- D. Section 1600.270 Employer Contributions for Benefit Increases Resulting from Earnings Increases Exceeding 6%** – Updates the rule by incorporating statutory language added to the 6% Rule under Section 15-155(h-5) of the Illinois Pension Code by Public Act 102-16, effective June 17, 2021. The new language excludes earnings that were paid in an academic year beginning on or after July 1, 2020, resulting from overload work performed in an academic year subsequent to a year in which overloads were not permitted by the employer due to an emergency declaration.
- E. New Section 1600.330 Evidence of Age, Parentage, and Marital Status** – Provides lists of document types that SURS may accept in lieu of a birth certificate for proving age or parentage, or in lieu of a marriage certificate for proving marital status.
- F. Section 1600.410 Twenty Percent Limitation on Final Rate of Earnings Increases** – Updates the rule to clarify that the 20% year-over-year earnings limitation used in calculating the Final Average Salary (also called the Final Rate of Earnings) applies to members who are participants on September 1, 2024, regardless of changes in percent time. Currently, the rule exempts earnings increases due to changes in percent time from the 20% limitation.
- G. Section 1600.420 Making Preliminary Estimated Payments** – Adds language that references the Illinois Pension Code and new Section 1600.160 in the context of Preliminary Estimated Payments (PEPs). The new rule permits PEPs to be suspended in cases where a participant or annuitant fails to timely provide information necessary to calculate, pay, or finalize a retirement claim.
- H. Section 1600.450 Overpayment Recovery** – Adds a provision that considers any revision or correction of a benefit that results in a difference of \$1.00 or less per month for monthly payments or \$10.00 or less for lump-sum payments as *de minimis*, exempting such amounts from overpayment collection efforts.
- I. New Section 1600.455 Benefit Forfeitures Relating to Felony Convictions** – Adds a new rule to provide clarifications in implementing Section 15-187 of the Illinois Pension Code relating to the forfeiture of SURS benefits for felonies arising from service with a SURS employer. The new rule sets the date when the sentencing order is issued as the “date of conviction” for purposes of the statute, clarifies the extent to which a person convicted of a felony is entitled to a refund of contributions, and adopts the holdings in Illinois Supreme Court cases concerning felony forfeitures in cases where the person was employed by multiple employers or held multiple positions with the same employer.

- J. Section 1600.460 Accelerated Pension Benefit Payment In Lieu of Any Pension Benefit; Section 1600.461 Accelerated Pension Benefit Payment for a Reduction and Delay in AAI** – Amends the Vested Inactive Buyout and AAI Buyout application deadlines from June 30, 2024, to the dates referenced in Section 15-185.5(b) and 15-185.6(b), respectively.
- K. Section 1600.550 Disability Claims Procedure** – Incorporates the eligibility requirements and standards of proof for line-of-duty disability benefits offered to police officers under Section 15-153(b) of the Illinois Pension Code. Police officer LOD benefits were added to the SURS disability statutes by Public Act 103-80, effective June 9, 2023.
- L. Section 1600.555 Disability Retirement Annuity Claims Procedure** – Adds a new procedural rule for disability retirement annuities (DRA). The new rule requires DRA applications to be filed within one year of the statutory commencement date, provides standards of proof and necessary elements of the application; provides the circumstances when DRA benefits are discontinued due to noncompliance with statutorily required information requests; and provides specific references to the federal Social Security Act and Social Security regulations that are generally referenced in the statute.
- M. Section 1600.710 Petitions** – Removes the requirement that voter signatures on trustee candidate nominating petitions include the last four digits of the voter's Social Security Number.

Staff Recommendation:

That the Legal & Legislative Committee approve the filing of the proposed rulemakings under Title 80, Part 1600 of the Illinois Administrative Code with the Secretary of State for First Notice publication substantially in the form presented.

Section 1600.100 Definitions

Certain terms used frequently throughout this Part are defined in this Section. Unless the context requires a different meaning, other terms used in this Part shall be defined and interpreted in accordance with Article 15 of the Illinois Pension Code [40 ILCS 5/Art. 15]. The definition of a term under a specific Section or Subpart shall ~~supereedes~~supersede, for the purposes of that Section or Subpart, this Section.

"Annuitant" – *A person receiving a retirement, reversionary, survivors or beneficiary annuity or disability retirement annuity from the System. [40 ILCS 5/15-119]*

"Annuity Payment Period" – ~~*The period beginning on the date specified by the participant or the recipient of a disability retirement annuity submitting a written application, which 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 SURS or in a participating system as defined in Article 20 of the Code on April 1 of the calendar year next following the calendar year in which the participant attains age 70½, the annuity payment period shall begin on that date regardless of whether an application has been filed. 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 the age specified under Section 401(a)(9) of the Internal Revenue Code of 1986, as amended, 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 of the Code. [40 ILCS 5/15-135(b)]. For purposes of this section the “termination of employment” shall be immediately prior to midnight on the last day on which the person is an employee; and the “discontinuation of the disability retirement annuity” shall be the day following the last day on which the disability retirement annuity is payable.*~~

"Board" – The Board of Trustees of the State Universities Retirement System as constituted under Section 15-159 of the Code.

"Chairperson" – The chairperson of the Board.

"Claims Panel" – The quasi-adjudicative body constituted under the Board's bylaws that hears all administrative contested matters as fiduciaries pursuant to Section 1600.500.

"Code" or "Pension Code" – The Illinois Pension Code [40 ILCS 5].

"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.* [40 ILCS 5/15-125(2)] See Section 15-125(2) of the Code for the effective rate of interest set by the State Comptroller for purposes of Rule 2 of Section 15-136(a) of the Code (i.e., the Money Purchase Formula).

"Employee" – A person defined as an "employee" under Section 15-107 of the Code.

"Employer" – An entity defined as an "employer" under Section 15-106 of the Code.

"Executive Director" – The chief administrative officer of SURS, appointed by the Board.

"FOIA" – Freedom of Information Act [5 ILCS 140].

"General Counsel" – In-house legal counsel for SURS.

"IRS" – Internal Revenue Service of the U.S. Department of the Treasury.

"IRC" – Internal Revenue Code of 1986, as amended (26 USC 1 et seq.).

"Member" – A SURS participant or annuitant.

"Participant" – A person participating in SURS under Section 15-134 of the Code.

"Participating Employee" – A participant who at the time is an employee under Section 15-107 of the Code.

"Prescribed Rate of Interest" – *The rate of interest to be used in actuarial valuation and in development of actuarial tables. The prescribed rate of interest is determined by the Board on the basis of the probable average effective rate of interest on a long term basis.* [40 ILCS 5/15-125(1)]

"Principal Office of SURS" – State Universities Retirement System, 1901 Fox Drive, Champaign IL 61820.

"SURS" or "System" – State Universities Retirement System created by Article 15 of the Code [40 ILCS 5/Art. 15].

"Tier 1 Member" – A SURS participant or annuitant defined under Section 15-108.1 of the Code.

"Tier 2 Member" – A SURS participant or annuitant defined under Section 15-108.2 of the Code.

"USERRA" – Uniformed Services Employment and Reemployment Rights Act of 1994 (38 USC 4301 et seq.).

(Source: Amended at 38 Ill. Reg. 16375, effective July 17, 2014)

New Section 1600.160 Information Submission Deadlines, Penalties, and Suspensions

Purpose. This Section implements Section 15-168 of the Code, which authorizes the System 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. [40 ILCS 5/15-168].

- a) Necessary Information. Information deemed necessary for the proper operation of the System shall include, but not be limited to, the following categories of information. Any information requested under this Section shall be treated as “submitted” only if the information is complete and accurate.
 - 1) Information necessary to calculate, pay, or finalize any benefit claim;
 - 2) Information necessary to prepare a benefit estimate;
 - 3) Information necessary to clarify or correct information previously received;
 - 4) Payroll reversal information or other accounting data concerning employee earnings and contributions; or
 - 5) Employment history documents, such as certification and termination reports, and other reports concerning employment status.
- b) Employer Submission Deadlines and Penalties.
 - 1) A “request” for necessary information is any solicitation of information or data to be provided in electronic format, letter, e-mail, fax, or other written correspondence. Each item of information or data shall constitute a

separate request for information, even if multiple items are solicited on the same form or document.

- 2) An employer in receipt of a System request for necessary information shall submit the requested information within 90 calendar days of the date of the initial request.
- 3) Penalty Determination. The System may decide to assess penalties at any time after the 91st calendar day following the date of the initial request. The determination of whether to assess penalties shall be made on a case-by-case basis and shall be based on the following considerations:
 - i) whether the delay in submitting the information is due to factors that are beyond the employer's control;
 - ii) whether the employer has exhibited repeated patterns of noncompliance within the past 3 years; and
 - iii) whether the employer has been properly notified of the need for the requested information according to this Section.
- 4) Notice of Penalties. If the System determines that penalties are to be assessed, it shall issue a notice to the employer stating that penalties shall accrue if the necessary information is not submitted within a 30-day grace period starting from the date of the notice. The notice shall describe the nature of the necessary information that has been requested. If the employer submits the necessary information within the 30-day grace period, then no penalties shall be assessed.
- 5) Penalty Billing. If the employer fails to submit the requested information within the 30-day grace period, then the System shall assess penalties at the rate of \$250 per calendar day counting from the 91st day after the initial request date until the information is submitted, with a maximum penalty of \$25,000 per delinquent request. Upon the employer's submission of the necessary information or the accrual of \$25,000 in penalties per delinquent request, whichever occurs earlier, the System shall issue the final penalty bill to the employer. The final bill shall contain a calculation of the penalty assessment and notify the employer of its rights to appeal the assessment within 35 days of the billing date pursuant to Section 1600.510.
- 6) Payment of Penalty. The employer shall pay the assessed penalties stated in the final bill within one year of the date of the bill. 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. [40 ILCS 5/15-168(b)]. If the employer is a community college district, then the System may also recover any delinquency in assessed penalties that have not been paid for more than 120 days after the one-year deadline by certifying the amount to the county treasurer of the county in which the employer is located pursuant to Section 15-155.1(b) of the Code.

c) Participant, Annuitant, and Beneficiary Submission Deadlines and Benefit Suspensions.

- 1) 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 Section 15-168(a) of the Code, 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. [40 ILCS 5/15-168(c)].
- 2) The System's determination of whether to suspend benefit processing or the payment of additional benefits due to the participant, annuitant, or beneficiary's failure to submit necessary information shall be based on the following factors:
 - i) whether the delay in submitting the information is due to factors that are beyond the participant, annuitant, or beneficiary's control;
 - ii) whether the participant, annuitant, or beneficiary has exhibited repeated patterns of noncompliance concerning other information requests; and
 - iii) whether the participant, annuitant, or beneficiary has been properly notified of the need for the requested information according to this Section.
- 3) Notice of Suspension. If the System determines that benefit processing or benefit payments are to be suspended, it shall issue a notice of suspension that provides details about the nature of the information that is requested and a 30-day grace period within which information must be submitted to avoid such suspension.
- 4) Upon the participant, annuitant, or beneficiary's complete and accurate submission of the necessary information, the System shall resume benefit processing and pay any suspended benefit payments without interest.

Section 1600.260 Part-time/Concurrent Service Adjustment

This Section will clarify how the *percentage of time employed for each year of employment* is determined for the service adjustment under Section 15-134.1(b) of the Code. This percentage cannot exceed 100%. The service adjustment under Section 15-134.1(b) of the Code shall not apply to a member who is a participant on or after September 1, 2024.

- a) Determine the average monthly percent time worked.
 - 1) Establish the monthly full-time equivalent (FTE) earnings for each employer by dividing the monthly earnings from that employer by the percent time the participant worked for that employer for that month.
 - 2) Total the participant's earnings from all employers for that month and divide by the highest full-time equivalent.
 - 3) This results in the average monthly percent time worked.
 - 4) Example:

<u>Employer</u>	<u>Actual Monthly Earnings</u>	<u>Monthly % Time Worked</u>	<u>Monthly FTE</u>
Employer #1	\$200	20%	\$1,000
Employer #2	\$375	30%	\$1,250 (highest)
Employer #3	\$420	40%	\$1,050
Total Actual	\$995		

Average monthly percent time worked = 79.6% (\$995 divided by \$1,250)

- b) Determine the percentage of time employed for each relevant year of employment.
 - 1) Total the average monthly percent time worked for each month in the academic year for which the participant had earnings.
 - 2) Divide this number by the total number of months during the academic year for which the participant had earnings.
 - 3) This calculation results in the percentage of time employed for each year of employment.
 - 4) Example:

<u>Average monthly % time worked</u>	<u>Earnings in:</u>
79.6	September
67.5	October
54.3	November
78.5	December
35.2	February
38.9	March
44.5	April
37.5	May
Total 436.0	8 months of earnings

Percentage of time employed for the year of employment is 54.5% (436.0 divided by 8).

c) Calculate Annuity

- 1) In calculating a retirement annuity, if the participant's "percentage of time employed for each year of employment is 50% or less for 3 or more years after September 1, 1959, service is granted for employment in excess of 3 years", in the proportion that the percentage of time employed for each year of employment bears to the average annual percentage of time employed during the period on which the final rate of earnings is based. An example calculation for this subsection (c) is:

Year	Unadjusted Service	Percentage of Time Employed	Adjusted Service
1	1.00	25%	1.00
2	1.00	25%	1.00
3	1.00	30%	1.00
4	1.00	30%/57.50%	0.5217
5	1.00	45%/57.50%	0.7826
6	1.00	50%/57.50%	0.8696
7	1.00	55%	1.00
8	1.00	60%	1.00
9	1.00	65%	1.00
	<hr style="width: 50%; margin: 0 auto;"/> 9.00		<hr style="width: 50%; margin: 0 auto;"/> 8.1739

- 2) In this example, the final rate of earnings are based on years 6 through 9. The average annual percentage of time employed during the period on which the final rate of earnings is based is 57.5%. This is the sum of years 6 through 9 percentages divided by 4.
- 3) Years 1 through 6 have percentages of 50% or less and must be tested for adjustment. The participant receives 3 of these years without adjustment. To maximize the service that is used in the calculation of the

retirement annuity, those years with the smallest percentages will be applied to the 3 years the participant receives without adjustment. In this example, that is years 1 through 3. Therefore, only years 4 through 6 require adjustment. To determine the adjusted service, divide the "percentage of time employed" by the "average annual percentage of time employed during the period on which the final rate of earnings is based", then multiply by the unadjusted service. If year 4's unadjusted service had been 0.50 year, the adjusted service would have been $30\%/57.5\% \times 0.50 = .2609$.

- d) The service credit adjustment in subsection (c) is not made in determining the participant's eligibility for a retirement annuity, disability benefits, additional death benefits, or survivors' insurance.

(Source: Amended at 32 Ill. Reg. 16515, effective September 25, 2008)

Section 1600.270 Employer Contributions for Benefit Increases Resulting from Earnings Increases Exceeding 6%

Purpose. This Section implements Section 15-155(g), (h), (i), (j) and (k) of the Code. This Section shall not apply to benefits from other retirement systems or pension funds payable under the Retirement Systems Reciprocal Act (Article 20 of the Code).

- a) Calculation of the Employer Cost. This calculation is made when a monthly benefit is calculated from the participant's final rate of earnings (FRE). The "present value of the increase in benefits" described in Section 15-155(g), called the "Employer Cost", will be calculated as follows:
- 1) The earnings, as defined in Section 15-111 of the Code, for every academic year in the FRE period, as defined in Section 15-112 of the Code, are adjusted on a full-time equivalent basis.
 - A) 48 Month FREs and Partial Academic Years. When the final rate of earnings for a participant is the average annual earnings during the 48 consecutive calendar month period ending with the last day of final termination of employment, any partial academic year at the beginning of the final rate of earnings period will be disregarded.
 - B) Full-Time Equivalent (FTE) Basis
 - i) SURS will adjust earnings from an employer in a manner consistent with the percent time employed reported by the employer.

- ii) The FTE earnings of an academic year shall equal the total earnings in the academic year divided by the average percent time of employment.
- C) Earnings credited during periods of service purchased under Sections 15-113.1 through 15-113.7 of the Code shall be determined on a FTE basis.
- D) For the purpose of Section 15-155(g), earnings do not include payments made under a collective bargaining agreement for unused sick leave or payments made for unused vacation.
- E) For purposes of Section 15-155(g), earnings 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 periods of voluntary or involuntary furlough occurring on or after July 1, 2015 and on or before June 30, 2017, or periods of voluntary pay reduction in lieu of furlough occurring on or after July 1, 2015 and on or before June 30, 2017. These earnings shall be reported by the employer in the format specified by the System for this purpose.

F) For purposes of Section 15-155(g), earnings shall exclude any earnings increase paid in an academic year beginning on or after July 1, 2020 resulting from overload work performed in an academic year subsequent to an academic year in which the employer was unable to offer or allow to be conducted overload work due to an emergency declaration limiting such activities. [40 ILCS 5/15-155(h-5)]

- 2) The FTE earnings of each academic year in the FRE period are limited to 106% of the previous academic year's FTE earnings to yield the "Capped FTE Earnings" of each academic year.
- 3) The Capped FTE Earnings of each academic year are multiplied by their respective average percent times of employment to yield the "Capped Earnings" for each academic year. The Capped Earnings shall be used to determine the "Capped FRE".
- 4) The "Benefit Increase" shall equal the difference between the FRE and the Capped FRE, multiplied by the number of years of service, and further multiplied by 2.2%.
- 5) The Employer Cost equals the actuarial present value of the Benefit Increase. This actuarial present value calculation will be made by using actuarial tables provided by SURS' actuary from time to time. The

actuarial table used will correspond with the type of monthly benefit that is provided to the participant. A single-life annuity table will be used when a traditional benefit package participant has no eligible survivor at the time of retirement. If the participant had employment with more than one employer during the final rate of earnings period, the Employer Cost is calculated for each employer using only the earnings with that employer. However, no Employer Cost will be assessed among multiple, concurrent employers if the increase in total earnings for the concurrent academic year in the FRE period does not exceed 6% over the total earnings of the previous academic year.

b) Employer Billing

- 1) Billing. *Whenever it determines that a payment is or may be required under Section 15-155(g), SURS will calculate the amount of the payment and bill the employer for the amount. The bill will specify the calculations used to determine the amount due.*
- 2) Request for Recalculation. *If the employer disputes the amount of the bill, it may, within 30 days after receipt of the bill, apply to SURS in writing for a recalculation. The application must specify the grounds of the dispute and, if the employer asserts the calculation is subject to Section 15-155(h) or (i), must include an affidavit setting forth and attesting to all facts within the employer's knowledge that are pertinent to the applicability of Section 15-155(h) or (i). Upon receiving a timely application for recalculation, SURS will review the application and, if appropriate, recalculate the amount due.*
- 3) Payment. *The employer contributions required under Section 15-155(g) may be paid in the form of a lump sum within 90 days after the 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 SURS' prescribed rate of interest compounded annually from the 91st day after the receipt of the bill. Payments must be concluded within 3 years after the employer's receipt of the bill. [40 ILCS 5/15-155(g)]*
- 4) Appeals of the Recalculation. The employer may appeal a recalculation pursuant to Section 1600.510.

c) Exclusions for Earnings Increases Paid on or after June 1, 2005, but before July 1, 2011, under Section 15-155(h)

- 1) Grandfathering. *When assessing payment for any amount due under Section 15-155(g), SURS will exclude earnings increases paid to participants required under contracts or collective bargaining agreements entered into, amended, or renewed before June 1, 2005. [40 ILCS 5/15-*

155(h)] These contracts are "grandfathered". For the purposes of Section 15-155(h):

- A) A contract or collective bargaining agreement is "entered into, amended or renewed" on the earliest of the following:
 - i) the date the governing body of the employer voted to accept the contract or collective bargaining agreement;
 - ii) the date the contract or collective bargaining agreement was executed in final form by the parties; or
 - iii) the date the parties to the contract or collective bargaining agreement reached a tentative agreement regarding the terms of the contract or collective bargaining agreement, provided that the tentative agreement is subsequently approved by the governing body of the employer on or after June 1, 2005, without any changes to the terms that have the effects described under subsection (c)(1)(B)(i) or (ii).

- B) A contract or collective bargaining agreement will not exclude earnings increases paid under the contract or agreement if the contract or agreement is amended or renegotiated after June 1, 2005 to have the effect of:
 - i) increasing the earnings usable for the FRE (except when the increase is the result of a salary reopener provision that was part of the contract or collective bargaining agreement prior to June 1, 2005); or
 - ii) extending the expiration date of the contract (in which case the earnings will be excluded only through the original expiration date of the contract).

- C) Miscellaneous
 - i) A contract exception made by an employer for an individual shall disqualify that individual's earnings increases from grandfathering but shall not invalidate the grandfathering for any other persons.
 - ii) A memorandum of understanding between the employer and the collective bargaining unit to increase the credit hours available shall not invalidate the contract, but any earnings increases because of the increased credit hours

shall not be excluded from the calculation under subsection (a), unless Section 15-155(h) or (i) of the Code applies.

- iii) When a member has given notice to the employer of intent to retire pursuant to the terms of a grandfathered contract or collective bargaining agreement, earnings provided under the contract or collective bargaining agreement shall be excluded so long as the earnings are provided to the member within four years after the expiration date of the contract or collective bargaining agreement.
 - iv) Notwithstanding the other provisions of this subsection (c)(1), earnings paid under a grandfathered contract on or after July 1, 2011 shall not be excluded from earnings under subsection (a).
- 2) **Earnings 10 Years Prior to Retirement Eligibility.** *When assessing payment for any amount due under Section 15-155(g) of the Code, SURS will 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 of the Code. [40 ILCS 5/15-155(h)]* Earnings increases paid in academic years preceding and including the academic year during which the participant was 10 years from attaining earliest retirement eligibility shall be excluded.
- 3) **Overloads and Overtime**
 - A) *Earnings increases resulting from overload work, including a contract for summer teaching, or overtime when the employer has certified to SURS, and SURS has approved the certification, that:*
 - i) *in the case of overloads:*
 - *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*
 - *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. [40 ILCS 5/15-155(h)]*

- B) The certification shall be in the form adopted by SURS and be signed by a duly authorized representative of the employer. The certification must be accompanied by supporting documentation as required by the form.
 - C) The standard number of instruction hours for a full-time employee shall be consistent with employer policy in force for the academic year in which the overload earnings were earned.
- 4) Promotions
- A) *When assessing payment for any amount due under Section 15-155(g) of the Code, SURS will exclude earnings increases 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 Section 15-155(k).*
 - B) *The earnings increases referenced in subsection (c)(4)(A) 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. [40 ILCS 5/15-155(h)]*
 - C) The employer shall certify that 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. The certification shall be in the form adopted by SURS and be signed by a duly authorized representative of the employer. The certification must be accompanied by supporting documentation as required by the form.
 - D) The phrase "an amount no greater than the average salary paid for other similar positions" shall mean the midpoint of the salary range for the position or similar positions as most recently approved by the Merit Board of the State Universities Civil

Service System or the current average salary paid for tenured or tenure-track faculty positions in the same department, as the case may be.

- d) Exclusions for earnings increases described in Section 15-155(h) of the Code paid 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, under Section 15-155(i). For the purpose of Section 15-155(i), a contract or collective bargaining agreement is "entered into, amended or renewed" on the earliest of the following:
- 1) the date the governing body of the employer voted to accept the contract or collective bargaining agreement;
 - 2) the date the contract or collective bargaining agreement was executed in final form by the parties; or
 - 3) the date the parties to the contract or collective bargaining agreement reached a tentative agreement regarding the terms of the contract or collective bargaining agreement, provided that the tentative agreement is subsequently approved by the governing body of the employer on or after July 1, 2011 without any changes to the terms that have the effect of extending the expiration date.
- e) The exclusions under subsections (c) and (d) shall not apply to earnings increases paid after June 30, 2014.

(Source: Amended at 42 Ill. Reg. 19078, effective October 5, 2018)

New Section 1600.330 Evidence of Age, Parentage, and Marital Status

- a) Whenever evidence of age is required by the System, a birth certificate shall be required unless one cannot be acquired. If no such record can be acquired, the following documents may be acceptable:
- 1) Military records;
 - 2) Marriage record showing date of birth;
 - 3) Evidence of Social Security payments that require attainment of specific age;
 - 4) Valid passport, permanent residency card, drivers license card, or other government-issued form of identification;

- 5) Two or more documents showing birth dates, such as, but not limited to naturalization papers, insurance policies, school records, medical records, or religious records that certify the date of birth, such as baptismal and bris certificates.
- b) Whenever evidence of parentage other than a birth certificate is required by the System under Section 1-104.2 or 15-129 of the Code, submission of at least one of the following documents shall be proof of parentage, unless one of the child's biological parents has admitted in writing that someone other than the member is the parent, or the child has been adopted by a person other than the member:
- 1) Certified copy of a court order finding the member was the natural parent of the child born out of wedlock;
 - 2) Certified copy of a Settlement Agreement which has been approved by a court for the support of a child born out of wedlock; or
 - 3) Written acknowledgment of paternity (e.g., pleadings filed in any proceeding pending before a court, or submittals to a public agency, or a document signed by the putative parent) and evidence (e.g., cancelled checks or receipts from the other parent) that the member contributed to the support of the child;
 - 4) Certified copy of a court order entered pursuant to a declaratory judgment action establishing either a support obligation or visitation rights;
- g) Copy of the public record of marriage when a child is born to a bigamous marriage; or
- g) Copy of the public record of marriage of the parents of child born out of wedlock who marry and the putative parent acknowledges parentage in writing (e.g., pleadings filed in any proceeding pending before a court, or submittals to a public agency, or a document signed by the putative parent).
- c) Whenever evidence of marriage is required by the System, a copy of the public record of marriage or a copy of the religious record of the marriage shall be submitted. If no such record exists, then two or more of the following may be considered in the determination of marital status:
- 1) A copy of the federal income tax return for the year preceding the death;
 - 2) A notarized statement from the individual who performed the marriage;
 - 3) Notarized statements from at least two individuals in attendance of the marriage;

- 4) Written certification from the Social Security Administration of acceptance of the marriage and its date; or
- 5) Such other documentation found by the System to be trustworthy, such as that produced by independent third parties.
- d) Dissolution or invalidity of marriage shall be proven only upon the submission of a certified copy of the declaration or decree entered by a court of competent jurisdiction.

Section 1600.410 Twenty Percent Limitation on Final Rate of Earnings Increases

- a) Introduction. Public Act 90-65 added to Section 15-112 of the Code a limitation on increases in earnings for the period of time covered under the calculation of final rate of earnings. This Section is promulgated to provide guidance and interpretation to the staff of SURS in implementing Section 15-112. The 20% limitation on increases in earnings shall consider basic compensation only to the extent actually paid in exchange for services rendered.
- b) All annual increases in earnings, as defined at Section 15-111 of the Code, by a participant during the period used in determining the final rate of earnings of 20% or less shall be deemed to be includable in the calculation of the final rate of earnings. No further inquiry shall be necessary by the staff of SURS.
- c) Except as otherwise provided in subsection (d), in the event that there is an annual increase in earnings by a participant during the period used in determining the final rate of earnings of greater than 20%, any increase in excess of 20% shall be disregarded in calculating the final rate of earnings.
- d) Regardless of subsection € , the following shall not be subject to the 20% increase limitation:
 - 1) a change in the percentage of time worked by the participant (except that time worked in excess of 100% per employer shall be subject to the limitation) (this subsection (d)(1) shall not apply to a member who is a participant on or after September 1, 2024);
 - 2) a change from a nine-month position to a 12-month position;
 - 3) overloads or extensions, so long as the overload for which payment is received took place during the period used for calculating the final rate of earnings; and
 - 4) supplemental contracts, so long as verifiable additional work is performed pursuant to the supplemental contract, such as the teaching of a course additional to the customary load, or performance of duties additional to, and not in replacement of, the participant's regular duties.

(Source: Amended at 32 Ill. Reg. 16515, effective September 25, 2008)

Section 1600.420 Making Preliminary Estimated Payments

- g) SURS shall make a Preliminary Estimated Payment (PEP) to members who qualify for a retirement annuity and file an application for that annuity. The purpose of a PEP is to provide members with some of their retirement income while their retirement claim is still being processed.
- g) The amount of the PEP shall be based on the highest applicable Rule described in Section 15-136 of the Code.
- g) The PEP calculation will not consider unverified current year earnings, nor unverified current year vacation payments, nor unverified additional credit for unused and unpaid sick leave, nor unverified Reciprocal credits, nor Early Retirement Option payments, nor additional service credit purchased after the application for retirement annuity has been received by SURS. Applicable taxes and insurance premiums will be deducted from the PEP.
- D) Date of Payment
 - g) If the application for retirement annuity is received at least 90 days before the member's effective retirement date, the PEP will be paid on the first working day of the month following the effective date of the annuity. It will be paid each month until the retirement claim is finalized.
 - 2) If the application for retirement annuity, or the decision of the member under subsection (d)(3), is received less than 90 days before the member's effective retirement date, the PEP will be paid as soon as practicable. It will be paid each month until the retirement claim is finalized.
 - 3) If the member is entitled to the election under Section 15-135.1 of the Code, the member must first make or decline that election before a PEP can be calculated.
- e) Amount of Payment. SURS shall pay a PEP amount pursuant to the following calculations applying the Rules in Section 15-136(a) of the Code:
 - g) If the member has Reciprocal Service Credit, SURS will apply Rule 2.
 - g) If in a Reciprocal case Rule 1 is estimated to be highest, SURS will pay 100% of the Rule 2 amount.
 - B) If in a Reciprocal case Rule 2 is estimated to be highest, SURS will pay 80% of the Rule 2 amount.

- 2) If the member has no Reciprocal credits, SURS will pay 90% of the estimated Rule 1 amount or 90% of the estimated Rule 2 amount, whichever is higher.
- 3) If the member makes an election under Section 15-135.1 of the Code, SURS will pay 100% of the estimated Rule 2 amount.
- 4) If the member qualifies under Section 15-136.3 of the Code, SURS will pay the higher of \$75 per month or 100% of the estimated Rule 2 amount.
 - g) If the member qualifies for a retirement annuity under Rule 4, SURS will pay 90% of the Rule 4 amount.
 - g) If the member applies for a retirement annuity under Rule 4, but the years of service as a police officer or firefighter have not yet been verified by staff, SURS will pay 90% of the Rule 2 amount.
- f) Once the retirement claim has been finalized, the member will receive a check for the difference between the PEP payments and the actual monthly benefit amount that is due him or her, retroactive to the effective date of the member's annuity, without interest. If the PEP payments result in an overpayment, SURS will recover the overpaid benefit from future benefits, without interest.
- g) Pursuant to Sections 15-163, 15-168 of the Code, if a participant or annuitant fails to provide any information that is necessary for the calculation, payment, or finalization of the retirement claim within 90 calendar days of the date of the System's request, then the System may immediately cease processing the benefit and suspend the payment of any PEPs until the requested information is provided as provided under Section 1600.160.

(Source: Amended at 32 Ill. Reg. 16515, effective September 25, 2008)

Section 1600.450 Overpayment Recovery

Purpose. Under Section 15-186.1 of the Code, SURS may recover amounts overpaid from the recipient and/or the recipient's estate (collectively, "recipient"), plus interest at the effective rate from the date of overpayment to the date of recovery, either directly or by deducting that amount from the remaining benefits payable to the recipient at a rate determined prudent and in the best interests of the System. This Section establishes procedures by which SURS' authority to collect overpayments under Section 15-186.1 is to be exercised.

- A) Demand and Statements. SURS will provide the overpaid recipient with a written demand upon discovery of the overpayment. The written demand shall specify the total amount of the overpayment, the month or months in which the overpayment occurred, a description of the nature of the overpayment, the interest rate to be assessed, and the option for installment payments or deduction from

future benefits. The written demand shall also notify the recipient of the right to appeal and receive a hearing concerning the determination of overpayment status in accordance with Section 1600.500. SURS will send the recipient monthly statements indicating the overpayment balance and any installment balances and shall continue sending monthly statements until the total amount is fully repaid or SURS acts under subsection €.

- g) Interest. Interest will compound monthly at 1/12 the current effective rate of interest per month starting 35 days after the date of issuance of the written demand until collection is completed. Notwithstanding the foregoing, interest accrual shall be suspended during the pendency of a request for review of the overpayment under Section 1600.500. However, if the recipient does not prevail under administrative review, interest shall apply retroactively to the date 35 days after the date of issuance of the written demand until collection is completed.
- g) Actions for Recovery. If the recipient has not begun repayment or has not filed an appeal within 35 days after the written demand, or a final non-appealable decision in favor of SURS issued subsequent to an appeal, SURS may take any, or any combination, of the following actions, as SURS deems appropriate and prudent, to collect the overpayment:
 - g) Deduct from benefits, refunds and credits payable to the recipient. Under Section 15-185 of the Code, the Board may deduct from any benefit payable to participants, annuitants, survivors and beneficiaries amounts owed to SURS due to the participant's service. SURS may recover overpayments from any benefit payable due to the participant's service, including annuity benefits, survivor benefits, separation refunds, disability benefits and death benefits. If anyone receiving a benefit due to the participant's service is overpaid, the overpayment may be recovered from any current or future benefits paid to the same person or any other person receiving benefits due to the participant's service;
 - 2) Engage a private collections agent;
 - 3) Initiate proceedings to obtain a civil judgment by attorneys retained by SURS or through the Attorney General;
 - 4) Refer the overpayment to the Debt Collection Bureau of the Illinois Department of Revenue and/or the Illinois Debt Recovery Offset Portal (IDROP) of the Illinois State Comptroller;
 - g) Coordinate collection efforts with the State of Illinois Treasurer's Office; and/or

- g) By and through any other means permissible by law.
- d) Maintenance of Records. Records of overpayments shall be maintained for at least 36 months, except as provided under subsection €, and shall contain the following:
 - g) A description of the cause for the overpayment;
 - 2) Correspondence concerning attempts to collect the overpayment; and
 - 3) Evidence of notice given for a hearing and review of the overpayment and any final outcome of the hearing and review.
- e) Uncollectible Accounts Receivable. If SURS is unable to collect all or part of an overpayment after 36 months, SURS' staff may request the Board, or its duly authorized representative, to certify the overpayment balance as uncollectible and no longer to be maintained as an account receivable in SURS' records. The request shall include the documentation required under subsection (d) and confirmation that the certification would be in the best economic interest of SURS. In determining the best economic interest of SURS, staff shall determine whether the total collection cost expended or anticipated will exceed the recoupment reasonably expected. However, the following exceptions may apply:
 - g) SURS' staff may deem an overpayment balance of \$100 or less to be uncollectible 6 months after the date of the demand without certification by the Board;
 - 2) SURS' staff may request certification for an overpayment balance of more than \$100 but less than \$5,000 after collection efforts have elapsed for at least 12 months; and
 - 3) Any revision or correction of a benefit that results in a difference of \$1.00 or less per month for monthly payments or \$10.00 or less for lump-sum payments shall be considered *de minimis* and shall not be treated as an overpayment that is to be collected from the recipient or recipient's estate under this Section.
- f) Reopening Uncollectible Accounts Receivable. Overpayments certified by the Board as uncollectible may be reopened for collection if the SURS' staff determines that it is in the best economic interest of SURS to do so.
- g) Past Overpayments. Overpayments incurred prior to January 1, 2008 may be certified as uncollectible under subsection € notwithstanding the lack of any of the documentation required under subsection (d).

(Source: Amended at 47 Ill. Reg. 14005, effective September 14, 2023)

New Section 1600.455 Benefit Forfeitures Relating to Felony Convictions

Purpose. This Section implements Section 15-187 of the Code concerning the forfeiture of benefits, which provides that *none of the benefits provided under Article 15 of the Code 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.* [40 ILCS 5/15-187]

- a) Date of Conviction. The benefits subject to forfeiture under this Section shall be limited to benefits that are payable on or after the date on which a judgment of conviction of a felony and a sentence is imposed by a court of competent jurisdiction. The System shall not suspend or impair any vested right under the Code prior to the date of such judgment. The forfeiture under this Section shall be applied even if the criminal conviction is appealed to an appellate court. If the conviction is overturned on appeal by a final, non-appealable judgment, then the System shall pay any forfeited benefits without interest, unless the person received a refund of contributions under Subsection (b), in which case, only the forfeited benefits that were payable until the date of such refund shall be paid without interest.

- b) Refund Rights. Notwithstanding the forfeiture of any benefit under this Section, a participant or annuitant shall be entitled to receive a refund of any employee contributions made under Section 15-157 of the Code, but shall not be entitled to any employer contributions or any interest. In the case of a member of the Retirement Savings Plan, the member shall be entitled to receive a refund of employee contributions and investment return thereon, but shall not be entitled to any employer contributions or investment return thereon.

- a)c) Employment with Different Employers. The conviction of a felony relating to or arising out of or connection with a person's service earned under a particular employer shall not be applied to service earned under a different employer that bears no relation to the felony.

- b)d) Multiple Positions, Appointments, or Contracts with the Same Employer. The conviction of a felony relating to or arising out of or in connection with service earned under a particular employer shall cause the forfeiture of benefits derived from all service earned under that employer, even if the felony did not relate to, did not arise out of, or was not in connection with other periods of service earned under that employer.

Section 1600.460 Accelerated Pension Benefit Payment In Lieu of Any Pension Benefit

- a) Purpose. This Section implements Section 15-185.5 of the Code providing for an accelerated pension benefit payment in lieu of any pension benefit, to be referred to in this Section as the "Vested Inactive Buyout" or "VIB".
- b) Definitions. For purposes of Section 15-185.5(a), the following terms shall have the meanings specified in this subsection (b).
 - 1) Eligible Person. An eligible "person" shall mean a person who satisfies the following conditions.
 - A) The *person has terminated all service*, meaning the person has terminated employee status under Section 15-107 of the code as of the date SURS receives the VIB application and has continuously remained in non-employee status as of the date SURS receives the election to accept the VIB offer.
 - B) The *person has accrued sufficient service credit to be eligible to receive a retirement annuity under Article 15*, meaning the person must meet the applicable retirement eligibility requirements under Section 15-135 of the Code solely with respect to service credit as of the date SURS receives the VIB application. For this purpose, service credit shall include only service credited under Article 15. No service credited at a reciprocal retirement system or pension fund shall count under this subsection (b)(1)(B).
 - C) The *person has not received any retirement annuity under Article 15*, meaning the person must not have received any retirement annuity or Preliminary Estimated Payments as of the date SURS receives the VIB application.
 - D) The *person has not made the election under Section 15-185.6*.
 - E) The *person is not a participant in the Self-Managed Plan under Section 15-158.2*.
 - 2) Implementation Date. *"Implementation date" means the earliest date upon which the Board authorizes eligible persons to begin irrevocably electing the accelerated pension benefit payment option under Section 15-185.5. The Board shall endeavor to make such participation available as soon as possible after June 4, 2018 and shall establish an implementation date by Board resolution. [40 ILCS 5/15-185.5(a)]*

- 3) Pension Benefit. The "pension benefit" upon which the VIB shall be calculated shall consist of one or more of the following benefits, as applicable:
- A) Traditional Benefit Package
 - i) Tier 1 Members. Retirement benefits under the applicable provisions of Section 15-136 of the Code and, if a permanent survivor (as defined under subsection (b)(4)) exists, survivors insurance benefits under Section 15-145 of the Code, subject to the minimum total survivors annuity payable under Section 15-146(b) of the Code.
 - ii) Tier 2 Members. Retirement benefits under the applicable provisions of Section 15-136 and, if a permanent survivor (as defined under subsection (b)(4)) exists, survivors insurance benefits under Section 15-145.1 of the Code.
 - B) Portable Benefit Package
 - i) Tier 1 Members. Retirement benefits based on the actuarial equivalent of a single-life annuity described under Section 15-136.4(b) of the Code with automatic annual increases under Section 15-136.4(l).
 - ii) Tier 2 Members. Retirement benefits based on the actuarial equivalent of a single-life annuity described under Section 15-136.4(b) with automatic annual increases under Section 15-136(d-5).
 - C) Refund of Survivors Contributions. If the eligible person has no permanent survivor as of the VIB application date, then the refund that would have been payable as of the assumed retirement date under Section 15-154(c) of the Code.
 - D) Refund of Additional Contributions. The refund that would be payable as of the assumed retirement date under Section 15-154(d), if applicable.
 - E) Refund of Excess Service Credit. The refund that would be payable as of the assumed retirement date under Section 15-154(e) for excess or waived service credit.
 - F) Refund of Police and Firefighter Contributions. The refund that would be payable as of the assumed retirement date under Section

15-154(f), if the eligible person elects to waive the application of Rule 4 of Section 15-136 of the Code.

- 4) Permanent Survivor. For purposes of this Section, the term "permanent survivor" shall mean a person who:
- A) is living as of the earlier of the assumed retirement date or the date on which the VIB offer is issued; and
 - B) is the youngest (i.e., has the longest actuarially assumed life expectancy) from among the following:
 - i) a "surviving spouse" under Section 15-127 of the Code (without regard to any one-year minimum marriage requirement) or an "eligible spouse" under Section 15-136.4(a) (without regard to any one-year minimum marriage requirement); or
 - ii) a "child" under Section 15-129 of the Code who is unmarried and dependent upon the person by reason of a physical or mental disability that began prior to the date the child attained age 18.
 - If the child is age 18 or older as of the application date, the child will be deemed to be disabled on the basis of a written certificate from one or more licensed and practicing physicians stating that the child is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months. The physician's determination of disability shall be determined in accordance with 20 CFR 416.905 through 416.911.
 - If the child is under age 18 as of the application date, the child will be deemed to be disabled on the basis of a written certificate from one or more licensed and practicing physicians stating that the child has a medically determinable physical or mental impairment or combination of impairments that causes marked and severe functional limitations, and that can be expected to cause death or that has lasted or can be expected to last for a

continuous period of not less than 12 months. The physician's determination of disability shall be determined in accordance with 20 CFR 416.905 through 416.911.

- c) VIB Application. Beginning on the implementation date, an eligible person may apply for a VIB calculation in writing in the form prescribed by SURS, subject to the following conditions:
- 1) **Application Deadline.** SURS must receive the application by ~~June 30, 2024~~the date by which an irrevocable election must be made under Section 15-185.5(b) of the Code. However, in no event shall SURS accept an application less than 12 months prior to the date on which the eligible person must begin receiving Required Minimum Distributions under Section 1-116.1 of the Code and IRC section 401(a)(9).
 - 2) **Termination of Application**
 - A) A pending application shall terminate prior to SURS' receipt of the election to receive the VIB on the earliest of the eligible person's:
 - i) revocation of the application;
 - ii) re-employment;
 - iii) death;
 - iv) required beginning date for Required Minimum Distributions under Section 1-116.1; or
 - v) election to receive an Automatic Annual Increase Buyout (AAI Buyout) under Section 15-185.6 and Section 1600.461 of this Part.
 - B) No election to accept a VIB offer shall be effective upon or after the termination of a pending application.
 - C) The eligible person may not withdraw or revoke a pending application as of the date SURS receives the completed VIB election form.
 - 3) **Other Benefits.** The eligible person may not apply for a refund, disability benefit, or disability retirement annuity while a VIB application is pending.

- d) VIB Offer Amount. After receipt of a VIB application, SURS shall calculate the VIB offer amount as soon as practicable. The VIB offer amount shall be 60% of the present value of the applicable pension benefit payable as of the assumed retirement date. The calculation shall be subject to the following conditions:
- 1) Actuarial Assumptions
 - A) All actuarial tables used to calculate the VIB offer amount shall use actuarial assumptions most recently adopted by the Board as of the time of the calculation.
 - B) The present value date shall be the first of the month on or immediately following the date that SURS receives the VIB application.
 - C) The discount rate used to calculate the present value of any benefit shall be the prescribed rate of interest.
 - D) The effective rate of interest for fiscal years prior to the fiscal year containing the date of the calculation shall be the historical rates set by the Board or the State Comptroller, as applicable. The effective rate of interest for fiscal years inclusive of and after the fiscal year containing the date of the calculation shall be the last known effective rate of interest set by the Board or the State Comptroller, as applicable.
 - 2) Service Credit
 - A) All service credit purchases must have been completed by the date SURS receives the VIB application.
 - B) Service credit for unused, unpaid sick leave under Section 15-113.4 of the Code shall apply only if the eligible person was an employee within 60 days immediately preceding the assumed retirement date.
 - 3) Assumed Retirement Date. The assumed retirement date shall be the retirement annuity commencement date determined as follows.
 - A) If the eligible person has attained the earliest applicable retirement age under Section 15-135 of the Code as of the date SURS receives the VIB application, the VIB offer amount shall be based on a retirement annuity that commences on the first of the month on or immediately following the date that SURS receives the VIB application (subject to any applicable early age reductions under Section 15-136).

- B) If the eligible person has not attained the earliest applicable retirement age under Section 15-135 as of the date SURS receives the VIB application, the VIB offer amount shall be based on a retirement annuity that commences on the first of the month following the birthday on which the person will have attained the earliest applicable retirement age under Section 15-135 (subject to any applicable early age reductions under Section 15-136).
- 4) Survivor Benefits. The assumed dates of death of the eligible person and eligible permanent survivor with respect to any assumed survivor benefit shall be based on the most recent mortality assumptions adopted by the Board as of the date of the calculation.
 - 5) Frequency. No more than one VIB offer amount shall be calculated in a State fiscal year.
 - 6) Appeals. An eligible person may seek an appeal of the calculation of the VIB offer amount within 35 days after the issuance of the offer, in accordance with Section 1600.500.
- e) VIB Election. The election to accept the VIB offer shall be made in the manner and form prescribed by SURS. SURS may require additional documentation or proof to verify any fact or record necessary for the administration of the election.
 - 1) Election Deadline. The eligible person shall elect to accept the VIB offer within 120 days after the date the VIB offer was issued. If no election is submitted by the deadline, the eligible person shall be deemed to have rejected the VIB offer.
 - 2) Election Date. The date of the election to accept the VIB offer shall be the date SURS receives the completed VIB election form.
 - 3) Survivor Consent. The election shall be accompanied by written and notarized consent of any permanent survivor. If a permanent survivor who was identified in the VIB application no longer qualifies as a permanent survivor, then the election shall be, instead, accompanied by documentation proving the disqualifying condition as follows:
 - A) Death. Death shall be proven by a certified copy of the death certificate.
 - B) Divorce. A dissolution of marriage shall be proven by a certified copy of the judgment of dissolution of marriage or civil union.

- C) Child's Non-Disability. A child's non-disability shall be proven by a written certificate from one or more licensed and practicing physicians stating that the child is no longer disabled under subsection (b)(4)(B)(ii).
- 4) Effect of Acceptance. Upon SURS' receipt of the election to accept the VIB offer amount, the eligible person shall be subject to the following conditions:
- A) The election to accept the VIB offer shall be irrevocable unless:
 - i) the State Comptroller fails to remit the full VIB amount to SURS within a year after SURS has submitted a voucher under Section 15-185.5(f); or
 - ii) SURS has knowledge of specific and articulable facts, taken together with rational inferences from those facts, that would lead a reasonable person to believe that the election to accept the VIB was made under fraud, duress, undue influence, illegality or incapacity.
 - B) The eligible person may not elect to proceed under the Retirement Systems Reciprocal Act [40 ILCS 5/Art. 20] with respect to any service to which the VIB pertains.
 - C) The eligible person may not purchase service credit under Article 15 of the Code with respect to any service credit attributable to the VIB or any accelerated pension benefit payment under Section 14-147.5, 14-147.6, 16-190.5 or 16-190.6 of the Code.
 - D) The eligible person shall no longer be a participant of SURS and forfeits all accrued rights and credits in SURS and no other benefit shall be paid under Article 15 based on those forfeited rights and credits, including any retirement, survivor or other benefit; except, 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.
 - E) The VIB may not be repaid to SURS, and the forfeited rights and credits may not under any circumstances be reinstated.
 - F) If the eligible person returns to participation under Article 15, any benefits under SURS 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, except the person shall retain the same Tier status and program elections previously made under Section 15-134.5 of the Code.

- G) An election to accept the VIB offer shall be deemed to be a waiver of any appeal rights under Section 1600.500 with respect to the VIB.

f) VIB Voucher and Payment

- 1) As soon as administratively practicable after SURS' receipt of the election to accept the VIB offer, SURS shall submit one or more vouchers to the State Comptroller for the payment of the VIB. SURS shall pay the VIB as soon as administratively practicable after SURS' receipt of the VIB amount from the State Comptroller. In no event shall SURS pay the VIB without having received the amounts sufficient to pay the VIB in full from the State Comptroller.
- 2) The VIB shall be paid in the form of a direct rollover to an "eligible retirement plan" as defined under Section 1600.140(h)(6) (including any supplemental defined contribution plan administered by SURS) to the extent permissible under IRC section 401(a)(31), except for any amounts attributable to Required Minimum Distributions under Section 1-116.1 of the Code or amounts paid under the Excess Benefit Arrangement under Section 1600.430 of this Part. The eligible person may not elect to receive any portion of the direct rollover as cash.
- 3) If the eligible person dies after having elected to accept the VIB offer amount, but prior to payment of the VIB, the VIB shall be payable to the eligible person's estate.

(Source: Amended at 44 Ill. Reg. 17714, effective October 22, 2020)

Section 1600.461 Accelerated Pension Benefit Payment for a Reduction and Delay in AAI

- a) Purpose. This Section implements Section 15-185.6 of the Code providing for an accelerated pension benefit payment for a reduction and delay in an automatic annual increase (AAI) to a retirement annuity and an annuity benefit payable as a result of death, to be referred to in this Section as the "AAI Buyout".
- b) Definitions. For purposes of Section 15-185.6(a), the following terms shall have the meanings specified in this ~~subsecton~~subsection (b).
 - 1) Eligible Person. An "eligible person" shall mean a person who satisfies the following conditions:

- A) The *person is a Tier 1 member.*
 - B) The *person has submitted an application for a retirement annuity under Article 15.*
 - C) The *person has met the age and service requirement for receiving a retirement annuity under Article 15*, meaning the person must meet the applicable retirement eligibility requirements under Section 15-135 of the Code with respect to age and service credit accrued under Article 15 and, if the person elects to retire under the Retirement Systems Reciprocal Act, any service credit of a participating reciprocal system.
 - D) The *person has not received any retirement annuity under Article 15*, meaning the retirement date specified in the retirement application cannot be prior to the date SURS receives the application for a retirement annuity.
 - E) The *person has not made the election under Section 15-185.5 of the Code.*
 - F) The *person is not a participant in the Self-Managed Plan under Section 15-158.2 of the Code.*
- 2) Implementation Date. *"Implementation date" means the earliest date upon which the Board authorizes eligible persons to begin irrevocably electing the accelerated pension benefit payment option under Section 185.6. The Board shall endeavor to make such participation available as soon as possible after June 4, 2018 and shall establish an implementation date by Board resolution. [40 ILCS 5/15-185.6(a)]*
- 3) Assumed Annuities. The AAI Buyout shall be based on one or more of the following assumed annuities, as applicable:
- A) Traditional Benefit Package. Retirement benefits under the applicable provisions of Section 15-136 of the Code and, if a permanent survivor (as defined under subsection (b)(4)) exists, survivors insurance benefits under Section 15-145 of the Code, subject to the minimum total survivors annuity payable under Section 15-146(b) of the Code.
 - B) Portable Benefit Package. Retirement benefits based on the actuarial equivalent of a single-life annuity described under Section 15-136.4(b).

- 4) Permanent Survivor. For purposes of this Section, the term "permanent survivor" shall mean a person who:
- A) is living as of the earlier of the assumed retirement date or the date on which the AAI Buyout offer is issued; and
 - B) is the youngest (i.e., has the longest actuarially assumed life expectancy) from among the following:
 - i) a "surviving spouse" under Section 15-127 of the Code (without regard to any one-year minimum marriage requirement); or
 - ii) a "child" under Section 15-129 of the Code who is unmarried and dependent upon the person by reason of a physical or mental disability which began prior to the date the child attained age 18.
 - If the child is age 18 or older as of the application date, the child will be deemed to be disabled on the basis of a written certificate from one or more licensed and practicing physicians stating that the child is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months. The physician's determination of disability shall be determined in accordance with 20 CFR 416.905 through 416.911.
 - If the child is under age 18 as of the application date, the child will be deemed to be disabled on the basis of a written certificate from one or more licensed and practicing physicians stating that the child has a medically determinable physical or mental impairment or combination of impairments that causes marked and severe functional limitations, and that can be expected to cause death or that has lasted or can be expected to last for a continuous period of not less than 12 months. The physician's determination of disability shall be determined in accordance with 20 CFR 416.905 through 416.911.

- c) AAI Buyout Application. Beginning on the implementation date, an eligible person may apply for an AAI Buyout calculation in writing in the form prescribed by SURS, subject to the following conditions:
- 1) Application Deadline. SURS must receive the AAI Buyout application by the retirement date specified on the completed retirement application, which can be no later than ~~June 30, 2024~~ the date until which the System is required to implement the AAI Buyout under Section 15-185.6(b) of the Code.
 - 2) Termination of Application
 - A) A pending application shall terminate on the earliest of the eligible person's:
 - i) revocation of the application;
 - ii) cancellation or suspension of the retirement annuity under Section 15-139 of the Code;
 - iii) death; or
 - iv) an election to receive a Vested Inactive Buyout under Section 15-185.5 of the Code and Section 1600.460 of this Part.
 - B) No election to accept an AAI Buyout offer shall be effective upon or after the termination of a pending application.
 - C) The eligible person may not withdraw or revoke a pending application as of the date SURS receives the completed AAI Buyout election form.
- d) AAI Buyout Offer Amount
- 1) After receipt of an AAI Buyout application, SURS shall calculate the AAI Buyout offer amount as soon as practicable.
 - 2) The AAI Buyout offer amount shall be 70% of the difference of:
 - A) the present value of the automatic annual increases to the assumed annuities under Sections 15-136(d), 15-136.4(l), and 15-145(j) of the Code, as applicable; and

- B) the present value of the automatic annual increases to the assumed annuities, using the formula provided under Section 15-185.6(b-5) of the Code.
- 3) The calculation shall be subject to the following conditions:
- A) Actuarial Assumptions
 - i) All actuarial tables used to calculate the AAI Buyout offer amount shall use actuarial assumptions most recently adopted by the Board as of the time of the calculation.
 - ii) The present value date shall be the retirement date.
 - iii) The discount rate used to calculate the present value shall be the prescribed rate of interest.
 - B) Survivor Benefits. The assumed dates of death of the eligible person and eligible permanent survivor or contingent annuitant, as applicable, with respect to any assumed survivors insurance benefit or survivor portion of a joint and survivor annuity, as applicable, shall be based on the most recent mortality assumptions adopted by the Board as of the date of the calculation. The AAI to a survivors insurance annuity or the survivor portion of a joint and survivor annuity, as applicable, calculated under Section 15-185.6(b-5) of the Code, shall commence on the January 1 occurring on or after the first anniversary of the commencement of the survivors insurance annuity or survivor portion of a joint and survivor annuity.
 - C) Frequency. No more than one AAI Buyout offer amount shall be calculated in a State fiscal year.
 - D) Appeals. An eligible person may seek an appeal of the calculation of the AAI Buyout offer amount within 35 days after the issuance of the offer in accordance with Section 1600.500.
- e) AAI Buyout Election. The election to accept the AAI Buyout offer shall be made in the manner and form prescribed by SURS. SURS may require additional documentation or proof to verify any fact or record necessary for administration of the election.
- 1) Election Deadline. The eligible person shall elect to accept the AAI Buyout offer within 120 days after the date the AAI Buyout offer was issued. If no election is submitted by the deadline, the eligible person shall be deemed to have rejected the AAI Buyout offer.

- 2) Election Date. The date of the election to accept the AAI Buyout offer shall be the date SURS receives the completed AAI Buyout election form.
- 3) Termination from Employment. The eligible person must not return to work as an employee under Section 15-107 of the Code until after the date SURS receives the completed AAI Buyout election form.
- 4) Survivor Consent. The election shall be accompanied by written and notarized consent of any permanent survivor or contingent annuitant, as applicable. If a permanent survivor who was identified in the AAI Buyout application no longer qualifies as a permanent survivor, the election shall be, instead, accompanied by documentation proving the disqualifying condition as follows:
 - A) Death. Death shall be proven by a certified copy of the death certificate.
 - B) Divorce. A dissolution of marriage shall be proven by a certified copy of the judgment of dissolution of marriage or civil union.
 - C) Child's Non-Disability. A child's non-disability shall be proven by a written certificate from one or more licensed and practicing physicians stating that the child is no longer disabled under subsection (b)(4)(B)(ii).
- 5) Effect of Acceptance. Upon SURS' receipt of the election to accept the AAI Buyout offer amount, the eligible person shall be subject to the following conditions:
 - A) The election to accept the AAI Buyout offer shall be irrevocable unless:
 - i) the State Comptroller fails to remit the full AAI Buyout amount to SURS within a year after SURS has submitted a voucher under Section 15-185.6(d-5); or
 - ii) SURS has knowledge of specific and articulable facts, taken together with rational inferences from those facts, that would lead a reasonable person to believe that the election to accept the AAI Buyout was made under fraud, duress, undue influence, illegality or incapacity.
 - B) An eligible person who participates in the Traditional Benefit Package and who elects to accept the AAI Buyout offer may not elect to receive a survivors contribution refund under Section 15-

154(c) of the Code if a survivors insurance beneficiary exists as of the retirement date. If no survivors insurance beneficiary exists as of the retirement date, the survivors contribution refund shall be payable to the eligible person.

- C) An eligible person who elects to accept the AAI Buyout offer shall be deemed to have waived the right to any supplemental payments under Section 15-136.3 and Section 15-146(d) of the Code.
 - D) An election to accept the AAI Buyout offer shall be deemed to be a waiver of any appeal rights under Section 1600.500 with respect to the AAI Buyout and all underlying calculations.
- 6) Effect of Rejection. Upon SURS' receipt of a rejection of the AAI Buyout offer amount or upon the failure to make an election within the deadline specified under subsection (e)(1), SURS shall pay automatic annual increases as provided under Sections 15-136(d), 15-136.4(l), and 15-145(j) of the Code, as applicable.
- f) AAI Buyout Voucher and Payment
- 1) As soon as administratively practicable after the SURS' receipt of the election to accept the AAI Buyout offer amount, SURS shall submit one or more vouchers to the State Comptroller for the payment of the AAI Buyout. SURS shall pay the AAI Buyout as soon as administratively practicable after the SURS' receipt of the AAI Buyout amount from the State Comptroller. In no event shall SURS pay the AAI Buyout without having received the amounts sufficient to pay the AAI Buyout in full from the State Comptroller.
 - 2) The AAI Buyout shall be paid in the form of a direct rollover to an "eligible retirement plan" as defined under Section 1600.140(h)(6) (including any supplemental defined contribution plan administered by SURS) to the extent permissible under IRC section 401(a)(31), except for any amounts attributable to Required Minimum Distributions under Section 1-116.1 of the Code or amounts paid under the Excess Benefit Arrangement under Section 1600.430. The eligible person may not elect to receive any portion of the direct rollover as cash.
 - 3) The AAI Buyout may not be repaid to SURS. However, if the retirement annuity is cancelled under Section 15-139(a) of the Code after the eligible person is paid the AAI Buyout offer amount, the eligible person shall repay to SURS that amount, plus any applicable interest under Section 1600.450.

- 4) If the eligible person who has received the AAI Buyout returns to participation under Article 15, the calculation of any future automatic annual increase in all retirement and survivor annuities under Section 15-139(c) shall be calculated in accordance with Section 15-185.6(b-5).
- 5) If the eligible person dies after having elected to accept the AAI Buyout offer, but prior to payment of the AAI Buyout, the AAI Buyout shall be payable to the eligible person's estate.

(Source: Amended at 44 Ill. Reg. 17714, effective October 22, 2020)

Section 1600.550 Disability Claims Procedure

- a) Pursuant to Code Section 15-150, a participant may be granted a disability benefit if, 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 consecutive calendar days and the employee had completed 2 years of service at the time of disability, unless the disability is a result of an accident or the employee is a police officer who qualifies for line-of-duty disability benefits under Code Section 15-153(b). An employee shall be considered disabled only during the period for which the Board determines, based upon the evidence listed in this Section, 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:
 - 1) 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;
 - 2) a written certificate from the employer stating that the employee is unable to perform the duties of his or her assigned position and, if the employee is a police officer applying for a line-of-duty disability, the employer's position on whether the disability qualifies as a line-of-duty disability; and
 - 3) any other medical examinations, hospital records, laboratory results, or other information necessary for determining the employment capacity and condition of the employee; and
 - 4) if the employee is a police officer applying for a line-of-duty disability, a written certification from one or more licensed and practicing physicians appointed by or acceptable to the Board, stating that the disability qualifies as a line-of-duty disability under Code Section 15-153(b).
- b) Application Filing Requirements

- 1) An application for disability benefits must include the certifications described in subsections (a)(1), ~~and (a)(2), and (a)(4), if applicable, and~~ supporting documentation described in subsection (a)(3), all as explained in more detail in this Section, for each disabling condition as well as for the entire period of disability.
 - 2) The application must be filed within one calendar year after the date on which the disability occurred. The application is deemed to have been filed on the date on which the System receives any part or section of the application. This limitation may be waived upon a showing of good cause, including, but not limited to, circumstances in which the applicant was under some physical, mental or medical infirmity or legal status that prevented the applicant from filing within the time period.
- c) Certification By Physicians. For purposes of subsections (a)(1) and (a)(4), the following shall apply:
- 1) Physicians acceptable to the Board are attending physicians, physicians designated by the participant and physicians to whom the participant was referred by the attending or designated physician. Physicians appointed by SURS staff to examine the participant are deemed to be physicians appointed by the Board. The physician must be licensed to practice and be currently practicing in the field of expertise related to the underlying physical or mental condition for which disability benefits are sought.
 - 2) The certification must be signed by a physician described in subsection (c)(1) or an authorized representative of the physician and must state the following:
 - A) the medical diagnosis of the physical or mental condition;
 - B) the prognosis of the physical or mental condition;
 - C) the physical or mental limitations to which the participant should adhere; and
 - D) that the participant is disabled and is unable to reasonably perform the duties of his or her assigned position as a result of the physical or mental disability-; and
 - E) if the employee is a police officer applying for a line-of-duty disability, that the disability qualifies as a line-of-duty disability under Code Section 15-153(b).
 - 3) The certification must be accompanied by a report containing the following:

- A) the date of examination;
 - B) the medical history of the participant;
 - C) the results of any diagnostic tests used;
 - D) the diagnosis of the physical or mental condition;
 - E) the plan of treatment for the physical or mental condition and prognosis in response to the treatment plan;
 - F) an evaluation of the physical or mental condition as it bears upon the participant's ability to reasonably perform the duties of his or her assigned position; and
 - G) any existing documentation of objective medically demonstrable anatomical, physiological or psychological abnormalities manifested as test results or laboratory findings apart from self-reported symptoms.
- d) Certification by Employers. For purposes of subsection (a)(2), the certification must be signed by an officer authorized by the employer and must state the following:
- 1) the physical or mental performance requirements for the reasonable performance of the participant's assigned position;
 - 2) whether the participant is able to satisfy each physical or mental performance requirement for the reasonable performance of his or her assigned position to the best of the employer's knowledge or belief and the reason for that knowledge or belief; ~~and~~
 - 3) whether the participant is able to reasonably perform the duties of his or her assigned position based on the provisions of subsections (d)(1) and (d)(2-); ~~and~~
 - 4) if the employee is a police officer applying for a line-of-duty disability, the employer's position on whether the disability qualifies as a line-of-duty disability under Section 15-153(b) of the Code.
- e) Determination of Regular and Line-of-Duty Disability. If the participant establishes, by a preponderance of the evidence, that he or she is physically or mentally disabled and unable to perform the duties of his or her assigned position as a result of the disability, the participant shall be determined eligible for regular disability benefits under Section 15-~~150~~-153(a) of the Code. In lieu of regular

disability benefits under Section 15-153(a) of the Code, if a police officer establishes, by a preponderance of the evidence, that as the result of sickness, accident, or injury incurred in or resulting from the performance of an act of duty, the police officer is found to be physically or mentally disabled for employment as a police officer so as to render necessary his or her suspension or retirement from employment as a police officer or is found to be unable to perform his or her duties as a police officer by reason of heart disease, stroke, tuberculosis, or any disease of the lungs or respiratory tract, resulting from employment as a police officer, the police officer shall be determined eligible for line-of-duty disability benefits under Code Section 15-153(b). Any police officer who suffers a heart attack or stroke as a result of the performance and discharge of police duty shall be considered to have been injured in the performance of an act of duty and shall be eligible for line-of-duty disability benefits under Code Section 15-153(b). For purposes of Code Section 15-153(b), a police officer shall be considered to be in the performance of an act of duty while on any assignment approved by the police officer's chief, whether the assignment is on or off the employer's property. [40 ILCS 5/15-153(b)].

- 1) SURS staff shall determine whether certifications made under subsections (a)(1), ~~and (a)(2)~~, and (a)(4), if applicable, and supporting documentation described in subsection (a)(3) establish eligibility for regular disability benefits or line-of-duty disability benefits.
 - 2) At the discretion of SURS staff, the participant may be required to submit to additional examinations by staff appointed physicians or specialists to aid in the determination process.
 - 3) Physical or mental conditions resulting from self-inflicted injuries, substance abuse, or any act for which the participant was convicted of a misdemeanor or felony are not the result of an accident for purposes of Code Section 15-150 or a sickness, accident, or injury incurred in or resulting from the performance of an act or duty for purposes of Code Section 15-153(b).
- f) Subsequent Re-examination of Disabled Participants
- 1) SURS staff shall secure from one or more physicians, periodically, re-evaluation reports concerning the continued disability of the participant. The date of re-evaluation shall be determined by SURS staff on the basis of the medical reports received previously, the nature of the disability, and other relevant information.
 - 2) In the re-evaluation of disability claims, the examining physician shall be the attending physician or the physician designated by the participant, but, if the nature of the disability or other circumstances justifies the

appointment of someone other than the participant's attending physician or designated physician as the examining physician, SURS staff shall make the appointment. All other procedures that may be applicable in processing the initial claim for disability benefits shall be followed in re-evaluation of the claim.

- g) Release of Medical Information. The participant may be required to authorize the release of all medical or other information related to the disability claim, including but not limited to medical reports, hospital records, Department of Employment Security earnings statements, income tax records, unemployment records, and any record deemed necessary to the administration of the disability claim. The failure of the participant to submit to a re-evaluation examination or a treatment plan, to produce records, or to approve release of information required ~~may shall~~ result in the ~~suspension-discontinuance~~ of disability benefit payments under Section 15-152 of the Code or suspension under Section 1600.160, as applicable.
- h) Vacation Payments and Disability Benefit Commencement. If an employee receives payment for unused vacation leave accrued under the employment from which the employee is disabled, the date of the "termination of payment of salary or sick leave benefits" under Code Section 15-151 shall be delayed by the number of work days attributable to the vacation payment.

(Source: Amended at 41 Ill. Reg. 11606, effective September 1, 2017)

Section 1600.555 Disability Retirement Annuity Claims Procedure

- a) Pursuant to Section 15-153.2 of the Code, a participant whose disability benefits are discontinued under the provisions of clause (6) of Section 15-152 of the Code and who is not a participant in the Retirement Savings Plan is entitled to a disability retirement annuity of 35% of the basic compensation which was payable to the participant at the time the regular disability began under Section 15-153(a) of the Code, or 65% of the basic compensation that was payable to the participant at the time the line-of-duty disability began under Section 15-153(b) of the Code, 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. This determination shall be based upon:
- 1) 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

2) any other medical examinations, hospital records, laboratory results, or other information necessary for determining the employment capacity and condition of the participant.

b) Application Filing Requirements

1) An application for a disability retirement annuity must include the certification described in subsection (a)(1) and supporting documentation described in subsection (a)(2), all as explained in more detail in this Section, for each disabling condition as well as for the entire period of the disability retirement annuity.

2) The application for a disability retirement annuity must be filed within one calendar year after the date on which the disability benefits are discontinued under clause (6) of Section 15-152. The application is deemed to have been filed on the date on which the System receives any part or section of the application. An untimely application shall render the participant ineligible for a disability retirement annuity. This limitation may be waived upon a showing of good cause, including, but not limited to, circumstances in which the applicant was under some physical, mental or medical infirmity or legal status that prevented the applicant from filing within the time period.

c) Certification By Physicians. For purposes of subsection (a)(1), the following shall apply:

1) Physicians acceptable to the Board are attending physicians, physicians designated by the participant and physicians to whom the participant was referred by the attending or designated physician. Physicians appointed by SURS staff to examine the participant are deemed to be physicians appointed by the Board. The physician must be licensed to practice and be currently practicing in the field of expertise related to the underlying physical or mental condition for which disability benefits are sought.

2) The certification must be signed by a physician described in subsection (c)(1) or an authorized representative of the physician and must state the following:

A) the medical diagnosis of the physical or mental condition;

B) the prognosis of the physical or mental condition;

C) that the participant has a medically determinable physical or mental impairment that prevents him or her from engaging in any substantial gainful activity and can be expected to result in death or

has lasted or can be expected to last for a continuous period of not less than 12 months.

- 3) The certification must be accompanied by a report containing the following:
 - A) the date of examination;
 - B) the medical history of the participant;
 - C) the results of any diagnostic tests used;
 - D) the diagnosis of the physical or mental condition;
 - E) the plan of treatment for the physical or mental condition and prognosis in response to the treatment plan;
 - F) an evaluation of the physical or mental condition that prevents the participant from engaging in any substantial gainful activity and that can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months; and
 - G) any existing documentation of objective medically demonstrable anatomical, physiological or psychological abnormalities manifested as test results or laboratory findings apart from self-reported symptoms.
- d) Determination of Disability Retirement Annuity. If the participant whose disability benefits are discontinued under the provisions of clause (6) of Section 15-152 of the Code and who is not a participant in the Retirement Savings Plan establishes, by a preponderance of the evidence, that the participant has a medically determinable physical or mental impairment that prevents him or her from engaging in any substantial gainful activity and can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months, the participant shall be determined eligible for a disability retirement annuity under Section 15-153.2 of the Code.
 - 1) SURS staff shall determine whether the certification(s) made under subsection (a)(1) and supporting documentation described in subsection (a)(2) establish eligibility for a disability retirement annuity.
 - 2) At the discretion of SURS staff, the participant may be required to submit to additional examinations by staff appointed physicians or specialists to aid in the determination process.

- e) Subsequent Re-examination of Disability Retirement Annuity Recipients
- 1) SURS staff shall secure from one or more physicians, periodically, re-evaluation reports concerning the continued disability of the participant or the recipient. The date of re-evaluation shall be determined by SURS staff on the basis of the medical reports received previously, the nature of the disability, and other relevant information.
 - 2) In the re-evaluation of disability retirement annuity claims, the examining physician shall be the attending physician or the physician designated by the participant or the recipient. However, if the nature of the disability or other circumstances justifies the appointment of someone other than the participant's or recipient's attending physician or designated physician as the examining physician, SURS staff shall make the appointment. All other procedures that may be applicable in processing the initial claim for a disability retirement annuity shall be followed in re-evaluation of the claim.
- f) Release of Medical Information. The participant, or the recipient, may be required to authorize the release of all medical or other information related to the disability retirement annuity claim, including but not limited to medical reports, hospital records, Department of Employment Security earnings statements, income tax records, unemployment records, and any record deemed necessary to the administration of the disability claim or the disability retirement annuity claim. The failure of the participant or the recipient to submit to a re-evaluation examination or a treatment plan, to produce records, or to approve release of information required shall result in the discontinuance of disability retirement annuity payments pursuant to Section 15-153.2(d) of the Code or suspension under Section 1600.160, as applicable.
- g) The terms "medically determinable physical or mental impairment" and "substantial gainful activity" shall have the meanings ascribed to them under 42 U.S.C. Chapter 7, as amended, and 20 C.F.R. Part 404, as amended.

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.
- 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
 - 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)

JANUARY COMPLIANCE REPORT (2024)

Report Owner: Compliance Officer		* indicates new requirement/change in requirement			Complete/Next due > 30 days	Due < 30 days	Past Due/Missed	
Department	Report	Filed With	Frequency	Statute/Rule	Last Filed	Next Due	Status	Notes
ADMINISTRATION COMPLIANCE ITEMS								
Administration	Travel Exception Report	Illinois Higher Education Travel Control Board	Quarterly - due the 15th of the month after the quarter ends	80 IL 2900.105	1/3/2024	4/15/2024		This is due by the 15th of the month after the Q ends.
Administration	Drivers License & Insurance Certification - Staff and Trustees	Annual to Executive Director and also to University of Illinois	Annual - certification to be provided between July 1-31 of each year OR within 30 days after new employment begins, whichever is later	625 ILCS 5/7-203, 625 ILCS 5/7-601(c), 625 ILCS 5/10-101(b), JCAR 44 Ill. Adm. Code Sec 5040.500 and 80 Ill. Adm. Code Sec. 3000.300(f)(1)	12/8/2023*	6/30/2024		*Trustee Figueroa submitted his form late on 12/8.
Administration	Oath of Office - all trustees	Kept electronically at SURS	Ad Hoc	40 ILCS 5/15-159(h)	As needed	As needed		
Administration	Mandatory 8-hour trustee training for educational hours (ethics and fiduciary topics)	Annual Certification of Completion sent by SURS ED to Public Pension Division of Department of Insurance	Annual training to be completed by 6/30; report to follow	40 ILCS 5/1-113.18	7/6/2023	6/30/2024		
Administration	Notice of Regularly Scheduled Board Meetings	Posted in SURS Lobby and SURS website	Annual	5 ILCS 120/2.02(a) Board votes on the schedule in June and schedule is posted by July 1 and again by December 31	Jun-23	Dec-24		
Administration	Verbatim Audio or Video Recordings of Regular Open or Special Open Meetings (if any)	Post online at SURS.org	Only post these if we actually have them as there is no legal requirement to make audio or video recordings of open meetings	15 ILCS 50/20	As needed	As needed		
Administration	Verbatim Recordings of Closed Session Meetings	Keep internally for at least 18 months; and then board can vote to discard or keep	Kept after each closed session	5 ILCS 120/2.06	As needed	As needed		
Administration	Copies of All Approved Board and Committee Minutes - Open Sessions	online - SURS.org (post for at least 60 days)	After finalized and approved for each meeting	5 ILCS 120/2.06 and 40 ILCS 5/15-170	As needed	As needed		
Administration	Copies of All Approved Board and Committee Minutes - Closed Sessions	Keep electronically at SURS and only posted to SURS website when board votes to open the minutes (then post for at least 60 days)	After finalized and approved for each meeting	5 ILCS 120/2.06 and 40 ILCS 5/15-170	As needed	As needed		
Administration	Disclosure of Appointed Trustee Interest in State Contracts, Disclosure of Conflicts of Interest and initial Statement of Economic Interest - trustees	Illinois Secretary of State	Ad Hoc - upon appointment	5 ILCS 420/3A-30, 15 ILCS 50/15, and Article 4A of the Governmental Ethics Act	As needed	As needed		
Administration	Trustee Indemnification Agreements	Keep electronically at SURS	Ad Hoc	40 ILCS 5/1-107 & SURS Board Governance Bylaws	As needed	As needed		
Administration	iPad User Agreements	Keep electronically at SURS	Ad Hoc	Internal Operational Requirement	As needed	As needed		
Administration	Performance Systems Report	Governor and posted on SURS website	Quarterly	30 ILCS 25/3-15	TBD	TBD		Still determining whether this is a SURS required compliance item separate from the PAR report below. And - are we providing all of the required information?
INTERNAL AUDIT COMPLIANCE ITEMS								
Audit	Deceased Annuitant Reporting	Per internal audit - death matches are still done regularly as required by statute but there is no statutory requirement to report them anywhere and per recent changes, they are no longer being reported to the board.	No actual report required for the board or to any third party.	40 ILCS 5/1-140	No longer reported	No longer reported		
Audit	Fiscal Year Two Year Audit Plan - Identifying internal audits for the pending fiscal year	Internal - Approved by the SURS Executive Director - then filed internally	Annual - due by 6/30	Fiscal Control & Internal Auditing Act: 30 ILCS 10/2003(a)(1)	Approved by ED 6/15/2023	6/30/2024		

JANUARY COMPLIANCE REPORT (2024)

Audit	Fiscal Year Audit Completion Report - Two Year Audit Plan - Detailed Report for how audit plan was carried out for that FY	Internal - Filed with the SURS Executive Director	Annual - due by 9/30	Fiscal Control & Internal Auditing Act; 30 ILCS 10/2003(a)(1)	8/25/2023	9/30/2024	
Audit	FCIAA Internal Control Certification	Office of the IL Auditor General	Annual (filed by 5/1)	Fiscal Control & Internal Auditing Act; 30 ILCS 10/3003	4/24/2023	5/1/2024	
Audit	Submission of System Audit Report completed by Office of Auditor General (due after FY end) -- this is a "sign-off approval" of the financial audit that allows SURS to publish the Annual Comprehensive Financial Report (ACFR)	SURS submits a copy of the audit to the Governor. The Office of the Auditor General submits copies to the Commission, the Governor, the Speaker and minority leader of the House and President and Minority Leader of the Senate	Annual - due as soon as possible after the completion of the audit after the end of each fiscal year	State Auditing Act and 30 ILCS 5/3-14 and 40 ILCS 5/15-174	FY22 - 2/9/2023	FY23	
ACCOUNTING / FINANCE COMPLIANCE ITEMS							
Finance	GAAP Package	Comptroller	Annual (usually by the 3rd week of September - Comptroller sends a letter with the prelim filing date for that year and SURS is to file its final package as quickly as we can after the prelim filing) Statute says due by 10/31	15 ILCS 540/19.5	Prelim filed 9/23/2023 - Final due when final numbers are done - updated filed 10/20/2023	10/31/2024	This is a specific set of reports that we have to file with the Comptroller. This is NOT the ACFR.
Finance	Annual Comprehensive Financial Report (ACFR)	Comptroller - we Post System Annual Comprehensive Financial Report to website (voluntarily send copies to OAG, Comptroller, GOMB) , (Audit sends to Governor)	Annual - by January 7	40 ILCS 5/15-175 and 30 ILCS 105/3(a) and 30 ILCS 105/9.08	FY22 sent Jan. 2023	FY23 - pending	This cannot be released until the OAG releases it.
Finance	Public Accountability Report (PAR report is different from ACFR)	Comptroller	Annual (indicator worksheet by 9/15, final report by 12/15)	Statewide Accounting Management Systems (SAMS) 30 ILCS 25/3-15	12/4/2023	12/15/2024	
Finance	IRS Form 941-Employer Fed Tax Return Form and State of Illinois Form (details of info on W-2 forms)	IRS and State of Illinois	Quarterly	IRS CODE	1/30/2024	4/30/2024	
Finance	IRS Form 945 Annual Return of Withheld Federal Tax (relates to the 1099R forms)	IRS only	Annual	IRS CODE	1/30/2024	1/31/2025	
Finance	Cash Receipts and Disbursement Reports	Comptroller	Quarterly	15 ILCS 405/16	11/16/2023	4/30/2024	
Finance	Agency Fixed Asset Report	Comptroller	Quarterly	15 ILCS 405/16	1/26/2024	4/30/2024	
Finance	Accounts Receivable Report	Comptroller	Quarterly	15 ILCS 405/16	1/24/2024	4/30/2024	
Finance	Illinois State Legislature Package (part of the appropriations process to help prepare for the budget hearings)	This includes request from GA with a narrative with questions to complete, requested spreadsheet with budget numbers for last FY, current FY and est. next FY. Copy of Org chart, ACFR sent. Send to IL Senate and House and to both Republican and Democratic caucuses (include 4 paper copies of the package + 4 copies of the SURS ACFR by email and paper copy)	Annual - Letter sent to SURS and response is due within 48 hours after the Governor's Budget Address	This is not required by statute but the General Assembly expects to have this information from SURS; see the GA list of ISL forms	Feb. 2023	Feb. 2024	
Finance	Preliminary Certification of Annual State Contribution (this is done by letter and certification reflecting board approval)	State Actuary, Governor, and General Assembly	Annual (Preliminary due by 11/1)	40 ILCS 5/15-165(a-5)	10/23/2023	11/1/2024	
Finance	Final Certification of Annual State Contribution	State Actuary, Governor, and General Assembly	Annual (final due by 1/15)	40 ILCS 5/15-165(a-5)	12/19/2023	1/15/2025	
Finance	Report on SMP/RSP Participation Rate - Letter done by SURS actuary that SURS provides	COGFA	Annual	40 ILCS 5/15-158.3	10/24/2023	11/15/2024	
Finance	Cert. of State Contribution of Community College Annuitant and survivor health benefits (CIP)	Governor, Director of CMS, and Comptroller	Annual (final by 11/15)	5 ILCS 375/6.10(c)	1/3/2023	11/15/2024	
Finance	Department of Insurance Report (filing fee check in amount of \$8,000 for Annual Compliance Fee to the IL Dept. of Insurance, made payable to IL State Treasurer)	Pension Division of Illinois Dept. of Ins.	Annual - Report due by 12/31	40 ILCS 5/1A-109 & 110 and 40 ILCS 5/1A-113 includes the penalties for a failure to timely files these reports. The \$8,000 filing fee is due by June 30 for the following state FY.	12/15/2023	12/31/2024	
Finance	Department of Insurance - Payment of Annual Compliance Fee (see above)	Pension Division of Illinois Dept. of Ins. - check payable to IL Treasurer	Fee Due by 6/30 for the following state FY (invoiced by the Dept. of Insurance)	40 ILCS 5/1A-112	5/17/2023	6/30/2024	
Finance	IRS Form 1099R - forms sent to members	IRS	Annual by 1/31	IRS CODE	1/31/2024	1/31/2025	
Finance	IRS Form 1099R - NEC (non-employee compensation)	Mailed to recipients (applicable vendors) and e-filed report as proof of filing to IRS; same due date	Annual by 1/31	IRS CODE	1/30/2024	1/31/2025	

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Finance	IRS Form 1099R (FIRE) (report with details behind the 1099R forms)	IRS	Annual by 4/1 (unless extension given)	IRS CODE	3/28/2023	4/1/2024	Is this the same as 30 above?
Finance	IRS Form 1099R Tax report (FIRE)	Forms sent to SURS members	Annual - Postmarked by 1/31	IRS CODE	1/31/2024	1/31/2025	
Finance	IRS 1042S Forms: Withholding US income of Foreign Persons - sent to members	IRS	Annual by 3/15	IRS CODE	3/9/2023	3/15/2024	This has to be done to go to the GA by 11/1 for the prelim and by 1/15 for the final Submission of System Reports to COGFA
Finance	IRS 1042 Tax Return	IRS	Annual by 3/15	IRS CODE	3/9/2023	3/15/2024	
Finance	Actuarial Valuation	SURS Board requests this from SURS actuary and includes this with the certified state contribution; send to employers as well	Annual (no set date in statute)	40 ILCS 5/15-173	Prelim to board for approval in October 2023	Prelim to board in October of 2024	The ED sends a letter to COGFA on this issue via K. Houch
Finance	Actuarial Experience Study	SURS Board requests this from the SURS actuary and uses it to re-evaluate the actuarial assumptions	Every 3 years (no set date in statute)	40 ILCS 5/15-173	Presented to Board in June of 2021 (FY18 - FY22)	June of 2024	
Finance	Fee Imposition Report	SURS sends to Comptroller who sends to Gen. Assembly	Annual - to Comptroller by 7/31; Comptroller to GA by 9/1	15 ILCS 405/16.2	7/31/2022	7/31/2024	Finance and HR work together on these. They go out through ADP.
Finance	5 year review of 90% funding target	COGFA	5 years	40 ILCS 1/103.3	10/27/2021	12/31/2026	
Finance	Annual review/presentation of MWDB policy goal for the next fiscal year	Presented to the SURS Diversity Committee and approved by the Board	Annual - Investments reports the overall numbers in the SURS report. See below.	40 ILCS 5/1-109.1(6)	September 2023 Board Meeting	September 2024 Board meeting	This typically goes out in December/January: valuation, certification, appropriation cert, CIP appropriate amounts and RSP participation info. SURS received a waiver of monthly reporting and as of 8/30/23 we now only have to file an annual report. Per Tara, normal cost recommendations are taken from GRS to the Board for annual approval in October. Once approved this information is posted to the SURS website for employers.
Finance	Certification of Overpayments	Internal and Board of Trustees	Determined Internally	80 Ill Adm. Code Sec.1600.450	As needed	As needed	
Finance	IRS W-2 forms to SURS employees and EBA members	Sent to Staff with Report to IRS	Annual by 1/31	IRS CODE	1/31/2024	Jan-25	This typically goes out in December/January: valuation, certification, appropriation cert, CIP appropriate amounts and RSP participation info. SURS received a waiver of monthly reporting and as of 8/30/23 we now only have to file an annual report. Per Tara, normal cost recommendations are taken from GRS to the Board for annual approval in October. Once approved this information is posted to the SURS website for employers.
Finance	IRS W-3 Form	IRS	Annual	IRS Code	1/23/2024	1/31/2025	
Finance	Information to COGFA when requested	COGFA	Ad Hoc/At will/as requested	40 ILCS 5/22-803	As requested	As requested	This typically goes out in December/January: valuation, certification, appropriation cert, CIP appropriate amounts and RSP participation info. SURS received a waiver of monthly reporting and as of 8/30/23 we now only have to file an annual report. Per Tara, normal cost recommendations are taken from GRS to the Board for annual approval in October. Once approved this information is posted to the SURS website for employers.
Finance	Submission of System Information to COGFA	COGFA	Annual by 3/1 (these go out via same prelim and final deadlines of 11/1 and 1/15 for the actuarial valuation and annual certification)	40 ILCS 5/22-1001	Prelim info sent 10/23/2023 and Final info sent 12/19/2023	Prelim to be sent by 11/1/2024 and final due by 1/15/2025	
Finance	Debt Transparency Report	Comptroller	Now annual (due by 7/31)	30 ILCS 105/9.08	8/1/2023	7/31/2024	This typically goes out in December/January: valuation, certification, appropriation cert, CIP appropriate amounts and RSP participation info. SURS received a waiver of monthly reporting and as of 8/30/23 we now only have to file an annual report. Per Tara, normal cost recommendations are taken from GRS to the Board for annual approval in October. Once approved this information is posted to the SURS website for employers.
Finance	GRS (actuary) gives SURS a letter that is approved by SURS Board that includes the employer normal cost of the DB plan	Approved letter is published on SURS.org	Annual	<u>statutory reference?</u>	10/19/2023	10/31/2024	

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Finance	Certification of Prescribed Rate of Interest and Effective Rate of Interest	SURS board approves each year in December and the information is shared with the public via a press release	December (to become effective on the following 7/1)	40 ILCS 5/15-125 and 40 ILCS 5/15-164	12/8/2023	12/31/2024	Per Tara, the SURS board votes on this each December and it is used for everything except money purchase which is determined by the Comptroller. This is a new reporting requirement. Threshold for reporting is \$50,000.
Finance	IRS Form 1098-F (payment of penalties exceeding \$50,000)	Payor and then the IRS	Annual reporting - Form due to payor by Jan. 31 and then file the form with the IRS by 2/28 (if paper) or by 4/1 (if electronic)	IRS Section 6050X	As needed	As needed	
Finance	Participation in Deferred Compensation Plan	Details must be made public and are included in the ACFR	Annual (no set date in statute)	40 ILCS 5/15-202	Same as ACFR publication date - see above	Same as ACFR Publication date - see above	
ACCOUNTING -- FINANCE -- MEMBER SERVICES							
Finance/Mem Serv	Illinois Revised Unclaimed Property Act	IL Treasurer's Office	Annual report due 11/1 reporting period covers 7/1-6/30 of the preceding year	765 ILCS 1026/15-402 (for property held outside the trust) and 403 (due date) and 765 ILCS 1026/15-1505 (for property held in the trust) SURS must retain records for 10 years after date last report was filed unless shorter period is allowed by rule per 765 ILCS 1026/15-404	1/10/2022* partial report filed for 2022 filing period. FY23 RUUPA reports for RMD and death were filed on 8/14/2023. These are the only reports we can provide until the PAS project is done.	Report for FY24 due on 11/1/2024	The Treasurer's Office has confirmed that the reports we have provided at this point will comply with the statute until our PAS project is complete.
Finance/Mem Serv	Financial Statements to Participants / Service Credit Statements / Annual Benefit Summary Statements	Full ACFR is posted to SURS.org once released. Individual statements are sent members and annuitants from Member Services	Annually for the system when the ACFR is done. Individual reports sent out in mid-November (Statute only requires indiv. Statements to go out if requested by the member.	40 ILCS 5/15-170 and 15-175	Ongoing	Ongoing	
Finance/Mem Serv	Reports to Reciprocals	Sent to Reciprocal Systems	As requested	40 ILCS 5/20-126	Ongoing	ongoing	
HUMAN RESOURCES COMPLIANCE ITEMS							
Human Resources	Consumer Coverage Disclosure Act - Health Insurance	Health Insurance Information to be provided to employees	At the time of hire and annually thereafter (using CMS generated information) Monthly (w/n 10 days of end of month)	820 ILCS 46/10	Ongoing	Ongoing	
Human Resources	Separation Report	State Universities Civil Service System	Monthly (EXCEPT 1/4/7/10)	Civil Service Rule 250.30	1/2/2024	2/10/2024	
Human Resources	Monthly Wage Report	IDES taxnet Online	Quarterly (1/31, 4/30, 7/31, 10/31)	305 ILCS 5/11-5.2	12/4/2023	2/28/2024	
Human Resources	Form UI-3	IDES taxnet Online	Quarterly (w/n 10 days within End of Quarter)	305 ILCS 5/11-5.2	12/31/2024	4/30/2024	
Human Resources	Report of Employee Served	State Universities Civil Service System	Quarterly	Civil Service Rule 250.30	12/31/2023	4/30/2024	
Human Resources	Exempt Employees Report	State Universities Civil Service System	Quarterly (w/n 10 days of end of quarter)	110 ILCS 70/36(e)	12/31/2023	4/30/2024	
Human Resources	Occupational Ethnic and Gender Report	State Universities Civil Service System	Annual	Civil Service Rule 240.30	12/31/202	4/10/2024	
Human Resources	Agency Workforce Report	Secretary of State; Office of Governor	Annual	5 ILCS 410/5, 5 ILCS 410/15 and 5 ILCS 410/20	12/22/2023	12/31/2024	
Human Resources	TA-2 - Headquarters Report	Legislative Audit Commission	Bi-Annually	St. Fin. Act 30 ILCS 105/12-3	12/15/2023	7/31/2024	
Human Resources	I-9 Eligibility	Internal Kept in Employee's Personnel File	Ad Hoc w/n 20 days of hire	Dept. Homeland Security - Immigration and Reform Act of 1986	At Time of Hire	As needed	
Human Resources	1094C and 1095C Reports	Sent to SURS Staff with W-2s, then Filed with the IRS	Annual by 2/28 (paper form) or 3/31 (electronically)	IRS CODE	Mar-23	3/31/2024	SURS must file electronically due to number of employees.

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Human Resources	Earned Income and Tax Credit Information Notice	Sent to SURS staff with W-2 via the ADP System	Annual	820 ILCS 170/15	1/31/2024	1/31/2025	<div style="background-color: #008000; width: 100%; height: 100%;"></div>	<div style="background-color: #FFD700; width: 100%; height: 100%;"></div>	
Human Resources	Civil Service Salary Report	State Universities Civil Service System	Bi-annually due 4/15 and 10/15	110 ILCS 70/36b	10/15/2023	4/15/2024			
Human Resources	Report on State Employees Combined Appeal (SECA) Voluntary Deductions for SURS staff and annuitants	Comptroller	Annual by 3/1	5 ILCS 340/5 (staff) and 8(c) (annuitants)	1/4/2024	3/1/2025			Confirm that we are sending this information in for staff and annuitants
Human Resources	Revolving Door Policy Sign Off and Ongoing List	Provided to staff upon hiring with SURS to maintain internal list. Updated list provided to Governor's office when requested. We do not provide info for electronic portal	As needed / ad hoc	5 ILCS 430/5-45	Time of Hire	Ongoing			
Human Resources	Adverse Judgment / Administrative Ruling Report for EEOC violations	IL Department of Human Rights	Annual Report due 7/1 for the preceding calendar year	775 ILCS 5/2-108	Only required if SURS had an adverse judgment or administrative ruling against it in the preceding year	Ad Hoc			
Human Resources	SSA 1945 - Form Confirming to New Hire that Employer does not Participate in Social Security	Internal In File - for all new SURS employees	Ad Hoc w/in 20 days of hire	Social Security Administration	Time of Hire	Ongoing			
INFORMATION TECHNOLOGY COMPLIANCE ITEMS									
Information Technology	Data Breach Report - Personal Info Protection Act	Notice to member must be sent "in the most expedient time possible and without unreasonable delay." If impacts > 500 residents, the Attorney General's office must be notified	Ad Hoc	815 ILCS 530/10	Eff. 1/1/20	As needed			
INVESTMENTS COMPLIANCE ITEMS									
Investments	Investment Update Report	Online Surs.org	75 days after month end	Internal procedure - monthly	Nov. posted 1/18/2024	Dec. due 2/15/2024			These reports are often delayed - waiting for private equity information
Investments	Investments Information Report - Monthly Report to Gov. on MWDB Firms / HR / Vendors Investment Transparency Disclosures - Must list total amount of fund, asset allocations, current/historical returns, listing of investment advisers, performance against benchmarks, list of all consultants, list of all contractors, RFP info, names and emails for board members and senior staff, and description of each contract as required under 1-113.14(g)	Online Surs.org Governor and General Assembly	Monthly (by the 15th) Annual by January 1	30 ILCS 237/10 40 ILCS 5/1-109.1(8)	1/12/2024 12/28/2023	2/15/2024 1/1/2025			
Investments		Posted to SURS.org	Quarterly - this information disclosed in a combination of other compliance items tracked separately. There is no one single report for these items.	40 ILCS 5/1-113.14 and 5/1-113.16	See Investment Compliance Items generally	See Investment Compliance Items generally			
Investments	Consultant Report on MWDB searches*	Consultant must disclose to the SURS Board of Trustees	Annual by January 1	40 ILCS 5/1-113.22	Both - 12/28/23	1/1/2025	*These are filed in the same document with the item below. *Both statutes, as written, are impossible to meet. Auditors have accepted 1/31 as the due date.		
Investments	Consultant Report on Economic Opportunities*	Consultant must disclose to the SURS Board of Trustees	Annual by January 1	40 ILCS 5/1-113.23	Both - 12/28/23	1/1/2025			
Investments	Quinquennial Rep. US Owned Foreign Securities**	Federal Reserve Bank	Only upon request 5 years	22 USC Sec 3101	2022 (no report required)	Not due until 2027	*req. threshold for reporting not met for 2017. Next reporting year = 2027 and only if we meet the reporting threshold.		
Investments	Restricted Companies Divestiture Reporting*	Illinois Investment Policy Board	Annual by April 1	40 ILCS 5/1-110.16(g)	3/27/2023	4/1/2024			

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Investments	Illinois Finance Entity/High Risk Home Loan Act Cert.	Formerly to the Dept. of Financial and Professional Regulation - now filed with the Public Pension Division of the Department of Insurance	Annual	40 ILCS 5/1-110.10	8/23/2023	9/30/2024	<div style="background-color: #008000; width: 100%; height: 100%;"></div>	<div style="background-color: #FFD700; width: 100%; height: 100%;"></div>	
Investments	Invest in Illinois - Report of Economic Opportunity Investments in Illinois	Governor and General Assembly	Annual by September 1	40 ILCS 5/1A-108.5(c)	8/31/2023	9/1/2024			
Investments	Annual SEC ADV's from Financial managers	SEC	Annual-120 days from FY end	US Investment Advisors Act of 1940	Ongoing	Ongoing			*not all managers are required to file by 4/1
Investments	Investment Manager Fee Disclosure to the Board (DB Plan) and description of investment adviser and consultant contracts posted to SURS website	SURS.org website	Quarterly	40 ILCS 5/1-113.14(e)(f) and (g) and 40 ILCS 5/1-113.16(d)	11/9/2023	3/31/2024			Regina provides this info.
Investments	Investment Manager and Consultant Fee Disclosure - (DC Plan) Fees and Description of every investment contract	SURS.org website	Quarterly	40 ILCS 5/1-113.14(e) and (g) and 40 ILCS 5/1-113.16(d)	1/18/2024	3/31/2024			Brian provides this info.
Investments	Written Investment Policies - must include references to sustainability factors used in decision-making under IL Sustainable Investing Act, 30 ILCS 238	Illinois Department of Insurance, Illinois Procurement Policy Board and SURS.org website	Ad Hoc - within 30 days after policy is amended	40 ILCS 5/1-113.14(b) and 40 ILCS 5/1-113.17	As needed	As needed			
Investments	Investment Procurement Policy	Illinois Procurement Policy Board and posted on SURS Website	Ad Hoc - best practice - file updated versions of the policy even though statute is silent on follow-up filings. Any procurement exceptions must be identified on the SURS website. (sole source, emergency, <1 yr. w/ value , 20k and Follow-on-Funds	40 ILCS 5/1-113.14(b)	As needed	As needed			
Investments	General Investment Policy - Initial Filing and Updates	Illinois Department of Insurance	Ad Hoc	40 ILCS 5/1-113.17	As needed	w/30 days of updates to policy			
Investments	Investment Services - Description of all Investment Contracts, company, total amount of contract, total fees paid/to be paid and disclosure approved by SURS board describing factors that contributed to the selection of investment advisor or consultant	Posted on the SURS website when services are obtained	Quarterly	40 ILCS 5/1-113.14 (g)	11/27/2023	3/31/2024			Regina submits this.
Investments	Disclosure of Fund of Fund Investments to include description of each contract, total commitment, and disclosure approved by SURS board describing factors that contributed to the selection of investment advisor or consultant	SURS.org website	Ongoing	40 ILCS 5/1-113.15(b)	As needed	As needed			
Investments	Procurement Forms - Uniform RFP Documents	Posted on the SURS website when issued	ongoing	40 ILCS 5/1-113.14(f)	As needed	As needed			
Investments	Managers' Annual Certification of Fiduciary Duty and Compliance with Insurance Requirements	Internal on file	Annual	contract provisions	9/1/2023	9/1/2024			
Investments	Fiduciary Report: Proxy Voting Guidelines for Voting Proxy Ballots and detailed report regarding how the board considers sustainability factors in investments	Posted to SURS website	Annual - due by 9/1	40 ILCS 5/15-177.6	9/1/2023	9/1/2024			
Investments	Illinois Sustainable Investing Act - Inv. Policy New Requirements (eff. 1-1-2020)	Illinois Department of Insurance	Ad Hoc	30 ILCS 238/15 and 40 ILCS 5/1-113.17	As needed	w/30 days of update			New statute requires inv. policy to include sustainability factors
LEGAL & ETHICS COMPLIANCE ITEMS									
Legal & Ethics	Ethics Officer Designation Notice	IL Executive Ethics Commission	As Needed/Ad Hoc	5 ILCS 430/20-23	As needed	as needed			
TRAINING REQUIREMENTS									
Legal & Ethics	General Ethics Training Plan for Staff and Trustees	SURS Internal Auditor and OEIG	Annual (no specific date in statute)	5 ILCS 430/5-10	1/16/2024	1/15/2025			This is a line item on the year end training report.
Legal & Ethics	Ethics Orientation for State of Illinois Staff - Paper	OEIG	within 30 days of hire	5 ILCS 430/5-10	As needed	As needed			
Legal & Ethics	Annual Ethics Training Trustees (OneNet)	Regular Annual Ethics Act training certification goes to OEIG	Annual (to be completed by 6/30 - final completion must be done by 12/31*)	5 ILCS 430/5-10 (regular annual)	12/31/2024*	12/31/2025	* All trustees completed their ethics training except Trustee Figueroa.		

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Legal & Ethics	Annual Completed Ethics Training <u>Report</u> of Completion - Trustees (OneNet)	Regular Annual Ethics Act training certification goes to OEIG	Annual - report due by 1/15 of the following year	5 ILCS 430/5-10 (regular annual)	1/16/2024	1/15/2025	Green		
Legal & Ethics	Annual Ethics Training Staff (OneNet)	OEIG	Annual by 12/31	5 ILCS 430/5-10	12/31/2024	12/31/2025			
Legal & Ethics	Annual Ethics Training <u>Report</u> of Completion - Staff (OneNet)	Report goes to the OEIG	Annual - report due by 1/15 of the following year	5 ILCS 430/5-10	1/16/2024	1/15/2025			
Legal & Ethics	Anti-Discrimination and Harassment Training for Trustees (OneNet)	OEIG	Annual (to be completed by 6/30 b- final completion must be done by 12/31) AND must be done w/in 30 days of commencing elected or appointed trustee position	5 ILCS 430/5-10.5(a-5)	12/31/2024*	12/31/2025	Red	* All trustees completed their harassment training except Trustee Figueroa.	
Legal & Ethics	Anti-Discrimination and Harassment Training for Trustees - <u>Report</u> of Completion (OneNet)	IL Executive Ethics Commission - OEIG	Annual - report due by 1/15 of following year & w/in 30 days of commencing elected or appointed position/office	5 ILCS 430/5-10.5(a-5)	1/16/2024	1/15/2025	Green		
Legal & Ethics	Anti-Discrimination and Harassment Training for Staff (OneNet)	IL Executive Ethics Commission - OEIG	Annual	5 ILCS 430/5-10.5(a-5)	12/31/2023	12/31/2024	Green		
Legal & Ethics	Anti-Discrimination and Harassment Training for Staff - Report of Completion (OneNet)	IL Executive Ethics Commission - OEIG	Annual - report due by 1/15 of following year	5 ILCS 430/5-10.5(a-5)	1/16/2024	1/15/2025	Green		
Legal & Ethics	Cybersecurity Training for Trustees (OneNet)	IL Dept. of Innovation and Technology	Annual	20 ILCS 450/25 - there is no separate reporting requirement	12/31/2024*	12/31/2025	Red	* All trustees completed their security training except Trustee Figueroa.	
Legal & Ethics	Cybersecurity Training for Staff (OneNet)	IL Dept. of Innovation and Technology	Annual	20 ILCS 450/25 -there is no separate reporting requirement	12/31/2024	12/31/2025	Green		
Legal & Ethics	FOIA Officer Training & Annual Certification - Staff	IL Attorney General	Annual	5 ILCS 140/3.5	Dec-24	12/31/2025	Green		
Legal & Ethics	Open Meetings Act - Trustee Training	IL Attorney General - Public Access Counselor	One Time - within 90 days of taking the oath	5 ILCS 120/1.05(b)	As needed	As needed	Green		
Legal & Ethics	OMA Officer Training - designated SURS Staff	IL Attorney General - Public Access Counselor	Annual	5 ILCS 120/1.05(a)	12/31/2024	12/31/2025	Green		
Legal & Ethics	Additional Diversity/Inclusion Training offered by the Governor's Office - staff	Governor's Office	Annual (voluntary)	This is voluntary for SURS per the discretion of the EC as it is only mandated for public agencies by an Executive Order	12/31/2024	12/31/2025*	Green	*if SURS decides to voluntarily take this additional training again	
LEGAL & ETHICS MISCELLANEOUS COMPLIANCE ITEMS									
Legal & Ethics	SURS Regulatory Agenda - Administrative Rules	IL Secretary of State	Bi-annual, to be filed by 1/1 and 7/1	5 ILCS 100/5-60	12/21/2023	7/1/2024	Green		
Legal & Ethics	Revolving Door Policy Notifications - Designated SURS Staff	IL Executive Inspector General	As Needed/Ad Hoc	5 ILCS 430/5-5-45	Time of Hire	As needed	Green		
Legal & Ethics	Statement of Economic Interests (Trustees and Designated Staff members)	IL Secretary of State	Annual	5 ILCS 420/4A-101	5/1/2023 - staff 5/4/2023* trustees	5/1/2024	Green		
Legal & Ethics	Ex Parte Communications Reports	Executive Ethics Commission	As Needed/Ad Hoc	5 ILCS 430/5-50	9/13/2017	As needed	Green		
Legal & Ethics	Fraud	SURS Board of Trustees and/or Appropriate State's Attorney	As needed	40 ILCS 5/1-135 and 40 ILCS 5/15-186	6/3/2022	As needed	Green		
Legal & Ethics	QILDRO Forms Electronically Available	SURS.org website	Ongoing requirement	40 ILCS 5/1-119	current	as updated	Green		
Legal & Ethics	ARDC Registration - staff attorney law license renewal	IL Supreme Court and ARDC	Annual	Supreme Court Rule 756	12/31/2024	12/31/2025	Green		