



Sen. Linda Holmes

**Filed: 5/15/2018**

10000HB0751sam001

LRB100 07925 RPS 40215 a

1 AMENDMENT TO HOUSE BILL 751

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 751 on page 1, line  
3 5, by replacing "16-150.1 and" with "7-141.1, 16-150.1, and";  
4 and

5 on page 1, immediately below line 5, by inserting the  
6 following:

7 "(40 ILCS 5/7-141.1)

8 Sec. 7-141.1. Early retirement incentive.

9 (a) The General Assembly finds and declares that:

10 (1) Units of local government across the State have  
11 been functioning under a financial crisis.

12 (2) This financial crisis is expected to continue.

13 (3) Units of local government must depend on additional  
14 sources of revenue and, when those sources are not  
15 forthcoming, must establish cost-saving programs.

16 (4) An early retirement incentive designed

1 specifically to target highly-paid senior employees could  
2 result in significant annual cost savings.

3 (5) The early retirement incentive should be made  
4 available only to those units of local government that  
5 determine that an early retirement incentive is in their  
6 best interest.

7 (6) A unit of local government adopting a program of  
8 early retirement incentives under this Section is  
9 encouraged to implement personnel procedures to prohibit,  
10 for at least 5 years, the rehiring (whether on payroll or  
11 by independent contract) of employees who receive early  
12 retirement incentives.

13 (7) A unit of local government adopting a program of  
14 early retirement incentives under this Section is also  
15 encouraged to replace as few of the participating employees  
16 as possible and to hire replacement employees for salaries  
17 totaling no more than 80% of the total salaries formerly  
18 paid to the employees who participate in the early  
19 retirement program.

20 It is the primary purpose of this Section to encourage  
21 units of local government that can realize true cost savings,  
22 or have determined that an early retirement program is in their  
23 best interest, to implement an early retirement program.

24 (b) Until the effective date of this amendatory Act of  
25 1997, this Section does not apply to any employer that is a  
26 city, village, or incorporated town, nor to the employees of

1 any such employer. Beginning on the effective date of this  
2 amendatory Act of 1997, any employer under this Article,  
3 including an employer that is a city, village, or incorporated  
4 town, may establish an early retirement incentive program for  
5 its employees under this Section. The decision of a city,  
6 village, or incorporated town to consider or establish an early  
7 retirement program is at the sole discretion of that city,  
8 village, or incorporated town, and nothing in this amendatory  
9 Act of 1997 limits or otherwise diminishes this discretion.  
10 Nothing contained in this Section shall be construed to require  
11 a city, village, or incorporated town to establish an early  
12 retirement program and no city, village, or incorporated town  
13 may be compelled to implement such a program.

14 The benefits provided in this Section are available only to  
15 members employed by a participating employer that has filed  
16 with the Board of the Fund a resolution or ordinance expressly  
17 providing for the creation of an early retirement incentive  
18 program under this Section for its employees and specifying the  
19 effective date of the early retirement incentive program.  
20 Subject to the limitation in subsection (h), an employer may  
21 adopt a resolution or ordinance providing a program of early  
22 retirement incentives under this Section at any time.

23 The resolution or ordinance shall be in substantially the  
24 following form:

25 RESOLUTION (ORDINANCE) NO. ....

1           A RESOLUTION (ORDINANCE) ADOPTING AN EARLY  
2           RETIREMENT INCENTIVE PROGRAM FOR EMPLOYEES  
3           IN THE ILLINOIS MUNICIPAL RETIREMENT FUND

4           WHEREAS, Section 7-141.1 of the Illinois Pension Code  
5 provides that a participating employer may elect to adopt an  
6 early retirement incentive program offered by the Illinois  
7 Municipal Retirement Fund by adopting a resolution or  
8 ordinance; and

9           WHEREAS, The goal of adopting an early retirement program  
10 is to realize a substantial savings in personnel costs by  
11 offering early retirement incentives to employees who have  
12 accumulated many years of service credit; and

13           WHEREAS, Implementation of the early retirement program  
14 will provide a budgeting tool to aid in controlling payroll  
15 costs; and

16           WHEREAS, The (name of governing body) has determined that  
17 the adoption of an early retirement incentive program is in the  
18 best interests of the (name of participating employer);  
19 therefore be it

20           RESOLVED (ORDAINED) by the (name of governing body) of  
21 (name of participating employer) that:

22           (1) The (name of participating employer) does hereby adopt  
23 the Illinois Municipal Retirement Fund early retirement  
24 incentive program as provided in Section 7-141.1 of the  
25 Illinois Pension Code. The early retirement incentive program  
26 shall take effect on (date).

1           (2) In order to help achieve a true cost savings, a person  
2 who retires under the early retirement incentive program shall  
3 lose those incentives if he or she later accepts employment  
4 with any IMRF employer in a position for which participation in  
5 IMRF is required or is elected by the employee.

6           (3) In order to utilize an early retirement incentive as a  
7 budgeting tool, the (name of participating employer) will use  
8 its best efforts either to limit the number of employees who  
9 replace the employees who retire under the early retirement  
10 program or to limit the salaries paid to the employees who  
11 replace the employees who retire under the early retirement  
12 program.

13           (4) The effective date of each employee's retirement under  
14 this early retirement program shall be set by (name of  
15 employer) and shall be no earlier than the effective date of  
16 the program and no later than one year after that effective  
17 date; except that the employee may require that the retirement  
18 date set by the employer be no later than the June 30 next  
19 occurring after the effective date of the program and no  
20 earlier than the date upon which the employee qualifies for  
21 retirement.

22           (5) To be eligible for the early retirement incentive under  
23 this Section, the employee must have attained age 50 and have  
24 at least 20 years of creditable service by his or her  
25 retirement date.

26           (6) The (clerk or secretary) shall promptly file a

1 certified copy of this resolution (ordinance) with the Board of  
2 Trustees of the Illinois Municipal Retirement Fund.

3 CERTIFICATION

4 I, (name), the (clerk or secretary) of the (name of  
5 participating employer) of the County of (name), State of  
6 Illinois, do hereby certify that I am the keeper of the books  
7 and records of the (name of employer) and that the foregoing is  
8 a true and correct copy of a resolution (ordinance) duly  
9 adopted by the (governing body) at a meeting duly convened and  
10 held on (date).

11 SEAL

12 (Signature of clerk or secretary)

13 (c) To be eligible for the benefits provided under an early  
14 retirement incentive program adopted under this Section, a  
15 member must:

16 (1) be a participating employee of this Fund who, on  
17 the effective date of the program, (i) is in active payroll  
18 status as an employee of a participating employer that has  
19 filed the required ordinance or resolution with the Board,  
20 (ii) is on layoff status from such a position with a right  
21 of re-employment or recall to service, (iii) is on a leave  
22 of absence from such a position, or (iv) is on disability  
23 but has not been receiving benefits under Section 7-146 or  
24 7-150 for a period of more than 2 years from the date of  
25 application;

1           (2) have never previously received a retirement  
2 annuity under this Article or under the Retirement Systems  
3 Reciprocal Act using service credit established under this  
4 Article;

5           (3) (blank);

6           (4) have at least 20 years of creditable service in the  
7 Fund by the date of retirement, without the use of any  
8 creditable service established under this Section;

9           (5) have attained age 50 by the date of retirement,  
10 without the use of any age enhancement received under this  
11 Section; and

12           (6) be eligible to receive a retirement annuity under  
13 this Article by the date of retirement, for which purpose  
14 the age enhancement and creditable service established  
15 under this Section may be considered.

16           (d) The employer shall determine the retirement date for  
17 each employee participating in the early retirement program  
18 adopted under this Section. The retirement date shall be no  
19 earlier than the effective date of the program and no later  
20 than one year after that effective date, except that the  
21 employee may require that the retirement date set by the  
22 employer be no later than the June 30 next occurring after the  
23 effective date of the program and no earlier than the date upon  
24 which the employee qualifies for retirement. The employer shall  
25 give each employee participating in the early retirement  
26 program at least 30 days written notice of the employee's

1 designated retirement date, unless the employee waives this  
2 notice requirement.

3 (e) An eligible person may establish up to 5 years of  
4 creditable service under this Section. In addition, for each  
5 period of creditable service established under this Section, a  
6 person shall have his or her age at retirement deemed enhanced  
7 by an equivalent period.

8 The creditable service established under this Section may  
9 be used for all purposes under this Article and the Retirement  
10 Systems Reciprocal Act, except for the computation of final  
11 rate of earnings and the determination of earnings, salary, or  
12 compensation under this or any other Article of the Code.

13 The age enhancement established under this Section may be  
14 used for all purposes under this Article (including calculation  
15 of the reduction imposed under subdivision (a)1b(iv) of Section  
16 7-142), except for purposes of a reversionary annuity under  
17 Section 7-145 and any distributions required because of age.  
18 The age enhancement established under this Section may be used  
19 in calculating a proportionate annuity payable by this Fund  
20 under the Retirement Systems Reciprocal Act, but shall not be  
21 used in determining benefits payable under other Articles of  
22 this Code under the Retirement Systems Reciprocal Act.

23 (f) For all creditable service established under this  
24 Section, the member must pay to the Fund an employee  
25 contribution consisting of the total employee contribution  
26 rate in effect at the time the member purchases the service for



1 the plan in which the member was participating with the  
2 employer at that time multiplied by the member's highest annual  
3 salary rate used in the determination of the final rate of  
4 earnings for retirement annuity purposes for each year of  
5 creditable service granted under this Section. Contributions  
6 for fractions of a year of service shall be prorated. Any  
7 amounts that are disregarded in determining the final rate of  
8 earnings under subdivision (d)(5) of Section 7-116 (the 125%  
9 rule) shall also be disregarded in determining the required  
10 contribution under this subsection (f).

11 The employee contribution shall be paid to the Fund as  
12 follows: If the member is entitled to a lump sum payment for  
13 accumulated vacation, sick leave, or personal leave upon  
14 withdrawal from service, the employer shall deduct the employee  
15 contribution from that lump sum and pay the deducted amount  
16 directly to the Fund. If there is no such lump sum payment or  
17 the required employee contribution exceeds the net amount of  
18 the lump sum payment, then the remaining amount due, at the  
19 option of the employee, may either be paid to the Fund before  
20 the annuity commences or deducted from the retirement annuity  
21 in 24 equal monthly installments.

22 (g) An annuitant who has received any age enhancement or  
23 creditable service under this Section and thereafter accepts  
24 employment with or enters into a personal services contract  
25 with an employer under this Article thereby forfeits that age  
26 enhancement and creditable service; except that this

1 restriction does not apply to (1) service in an elective  
2 office, so long as the annuitant does not participate in this  
3 Fund with respect to that office, (2) a person appointed as an  
4 officer under subsection (f) of Section 3-109 of this Code, ~~and~~  
5 (3) a person appointed as an auxiliary police officer pursuant  
6 to Section 3.1-30-5 of the Illinois Municipal Code, and (4) a  
7 person who, on or after the effective date of this amendatory  
8 Act of the 100th General Assembly and before July 1, 2020,  
9 participates in the system under Article 16 of this Code as a  
10 substitute teacher, as defined under Section 16-106.3. A person  
11 forfeiting early retirement incentives under this subsection  
12 (i) must repay to the Fund that portion of the retirement  
13 annuity already received which is attributable to the early  
14 retirement incentives that are being forfeited, (ii) shall not  
15 be eligible to participate in any future early retirement  
16 program adopted under this Section, and (iii) is entitled to a  
17 refund of the employee contribution paid under subsection (f).  
18 The Board shall deduct the required repayment from the refund  
19 and may impose a reasonable payment schedule for repaying the  
20 amount, if any, by which the required repayment exceeds the  
21 refund amount.

22 (h) The additional unfunded liability accruing as a result  
23 of the adoption of a program of early retirement incentives  
24 under this Section by an employer shall be amortized over a  
25 period of 10 years beginning on January 1 of the second  
26 calendar year following the calendar year in which the latest

1 date for beginning to receive a retirement annuity under the  
2 program (as determined by the employer under subsection (d) of  
3 this Section) occurs; except that the employer may provide for  
4 a shorter amortization period (of no less than 5 years) by  
5 adopting an ordinance or resolution specifying the length of  
6 the amortization period and submitting a certified copy of the  
7 ordinance or resolution to the Fund no later than 6 months  
8 after the effective date of the program. An employer, at its  
9 discretion, may accelerate payments to the Fund.

10 An employer may provide more than one early retirement  
11 incentive program for its employees under this Section.  
12 However, an employer that has provided an early retirement  
13 incentive program for its employees under this Section may not  
14 provide another early retirement incentive program under this  
15 Section until the liability arising from the earlier program  
16 has been fully paid to the Fund.

17 (Source: P.A. 99-382, eff. 8-17-15.)".