



Sen. William R. Haine

Filed: 5/16/2018

10000HB0751sam002

LRB100 07925 MJP 39807 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, (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, and (5)
11 a person who returns to work for a participating employer for
12 less than 600 hours in any 12-month period on or after the
13 effective date of this amendatory Act of the 100th General
14 Assembly and before July 1, 2020. A person forfeiting early
15 retirement incentives under this subsection (i) must repay to
16 the Fund that portion of the retirement annuity already
17 received which is attributable to the early retirement
18 incentives that are being forfeited, (ii) shall not be eligible
19 to participate in any future early retirement program adopted
20 under this Section, and (iii) is entitled to a refund of the
21 employee contribution paid under subsection (f). The Board
22 shall deduct the required repayment from the refund and may
23 impose a reasonable payment schedule for repaying the amount,
24 if any, by which the required repayment exceeds the refund
25 amount.

26 (h) The additional unfunded liability accruing as a result

1 of the adoption of a program of early retirement incentives
2 under this Section by an employer shall be amortized over a
3 period of 10 years beginning on January 1 of the second
4 calendar year following the calendar year in which the latest
5 date for beginning to receive a retirement annuity under the
6 program (as determined by the employer under subsection (d) of
7 this Section) occurs; except that the employer may provide for
8 a shorter amortization period (of no less than 5 years) by
9 adopting an ordinance or resolution specifying the length of
10 the amortization period and submitting a certified copy of the
11 ordinance or resolution to the Fund no later than 6 months
12 after the effective date of the program. An employer, at its
13 discretion, may accelerate payments to the Fund.

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

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