



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB2628

by Rep. Jaime M. Andrade, Jr.

SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-116
40 ILCS 5/17-125

from Ch. 108 1/2, par. 17-116
from Ch. 108 1/2, par. 17-125

Amends the Chicago Teacher Article of the Illinois Pension Code. Provides that service retirement pensions shall begin on the effective date of termination as reflected in the records of the Employer. Provides that upon certification of a member's termination (instead of cancellation of his teaching certificate) and on written application, a teacher shall be paid a refund. Provides that to obtain a refund for a member who has completed the minimum term of service required to establish eligibility for a pension, the member must execute and deliver to the Board a written acknowledgment of forfeiture of all service credit and rights to pension payments (instead of a written receipt and acknowledgment). Makes other changes. Effective immediately.

LRB101 08809 RPS 53897 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing
5 Sections 17-116 and 17-125 as follows:

6 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

7 Sec. 17-116. Service retirement pension.

8 (a) Each teacher having 20 years of service upon attainment
9 of age 55, or who thereafter attains age 55 shall be entitled
10 to a service retirement pension upon or after attainment of age
11 55; and each teacher in service on or after July 1, 1971, with
12 5 or more but less than 20 years of service shall be entitled
13 to receive a service retirement pension upon or after
14 attainment of age 62.

15 (b) The service retirement pension for a teacher who
16 retires on or after June 25, 1971, at age 60 or over, shall be
17 calculated as follows:

18 (1) For creditable service earned before July 1, 1998
19 that has not been augmented under Section 17-119.1: 1.67%
20 for each of the first 10 years of service; 1.90% for each
21 of the next 10 years of service; 2.10% for each year of
22 service in excess of 20 but not exceeding 30; and 2.30% for
23 each year of service in excess of 30, based upon average

1 salary as herein defined.

2 (2) For creditable service earned on or after July 1,
3 1998 by a member who has at least 30 years of creditable
4 service on July 1, 1998 and who does not elect to augment
5 service under Section 17-119.1: 2.3% of average salary for
6 each year of creditable service earned on or after July 1,
7 1998.

8 (3) For all other creditable service: 2.2% of average
9 salary for each year of creditable service.

10 (c) When computing such service retirement pensions, the
11 following conditions shall apply:

12 1. Average salary shall consist of the average annual
13 rate of salary for the 4 consecutive years of validated
14 service within the last 10 years of service when such
15 average annual rate was highest. In the determination of
16 average salary for retirement allowance purposes, for
17 members who commenced employment after August 31, 1979,
18 that part of the salary for any year shall be excluded
19 which exceeds the annual full-time salary rate for the
20 preceding year by more than 20%. In the case of a member
21 who commenced employment before August 31, 1979 and who
22 receives salary during any year after September 1, 1983
23 which exceeds the annual full time salary rate for the
24 preceding year by more than 20%, an Employer and other
25 employers of eligible contributors as defined in Section
26 17-106 shall pay to the Fund an amount equal to the present

1 value of the additional service retirement pension
2 resulting from such excess salary. The present value of the
3 additional service retirement pension shall be computed by
4 the Board on the basis of actuarial tables adopted by the
5 Board. If a member elects to receive a pension from this
6 Fund provided by Section 20-121, his salary under the State
7 Universities Retirement System and the Teachers'
8 Retirement System of the State of Illinois shall be
9 considered in determining such average salary. Amounts
10 paid after the effective date of this amendatory Act of
11 1991 for unused vacation time earned after that effective
12 date shall not under any circumstances be included in the
13 calculation of average salary or the annual rate of salary
14 for the purposes of this Article.

15 2. Proportionate credit shall be given for validated
16 service of less than one year.

17 3. For retirement at age 60 or over the pension shall
18 be payable at the full rate.

19 4. For separation from service below age 60 to a
20 minimum age of 55, the pension shall be discounted at the
21 rate of 1/2 of one per cent for each month that the age of
22 the contributor is less than 60, but a teacher may elect to
23 defer the effective date of pension in order to eliminate
24 or reduce this discount. This discount shall not be
25 applicable to any participant who has at least 34 years of
26 service or a retirement pension of at least 74.6% of

1 average salary on the date the retirement annuity begins.

2 5. No additional pension shall be granted for service
3 exceeding 45 years. Beginning June 26, 1971 no pension
4 shall exceed the greater of \$1,500 per month or 75% of
5 average salary as herein defined.

6 6. Service retirement pensions shall begin on the
7 effective date of resignation or termination as reflected
8 in the records of the Employer, retirement, the day
9 following the close of the payroll period for which service
10 credit was validated, or the time the person resigning or
11 retiring attains age 55, or on a date elected by the
12 teacher, whichever shall be latest; provided that, for a
13 person who first becomes a member after July 29, 2016 (the
14 effective date of Public Act 99-702) ~~this amendatory Act of~~
15 ~~the 99th General Assembly~~, the benefit shall not commence
16 more than one year prior to the date of the Fund's receipt
17 of an application for the benefit.

18 7. A member who is eligible to receive a retirement
19 pension of at least 74.6% of average salary and will attain
20 age 55 on or before December 31 during the year which
21 commences on July 1 shall be deemed to attain age 55 on the
22 preceding June 1.

23 8. A member retiring after the effective date of this
24 amendatory Act of 1998 shall receive a pension equal to 75%
25 of average salary if the member is qualified to receive a
26 retirement pension equal to at least 74.6% of average

1 salary under this Article or as proportional annuities
2 under Article 20 of this Code.

3 (Source: P.A. 99-702, eff. 7-29-16.)

4 (40 ILCS 5/17-125) (from Ch. 108 1/2, par. 17-125)

5 Sec. 17-125. Refund of contributions. Upon certification
6 by the Employer of a member's ~~his~~ resignation or termination
7 ~~cancellation of his teaching certificate~~ prior to completion of
8 the minimum term of service required to establish eligibility
9 for a pension and on written application therefor, a teacher
10 shall be paid a refund of all the amounts the member ~~he~~ has
11 contributed to the Fund, less any former refund that has not
12 been repaid.

13 Upon certification by the Employer of the member's ~~his~~
14 resignation or termination ~~cancellation of his teaching~~
15 ~~certificate~~ after completion of the minimum term of service
16 required to establish eligibility for a pension and on written
17 application therefor, a teacher shall be paid a refund of all
18 the amounts the member ~~he~~ has contributed, less (1) any former
19 refund that has not been repaid, and (2) pension payments
20 received, provided the member ~~he~~ has executed and delivered to
21 the Board a written acknowledgment of forfeiture of all service
22 credit and rights to pension payments ~~his written receipt and~~
23 ~~release in that behalf~~. Thereupon, the member ~~he~~ shall have no
24 further interest in or claim against the Fund.

25 A request for refund ~~under either of the preceding~~

1 ~~paragraphs~~ shall be considered valid if the member's withdrawal
2 from service occurred at least 2 months prior to the filing of
3 such request.

4 Upon retirement of a teacher either on immediate or
5 deferred pension, if the teacher is not then married, or if the
6 member's ~~his~~ spouse or children do not meet the qualifying
7 conditions for a survivor's or children's pension ~~pensions~~, the
8 total amount contributed by the member ~~him~~ or otherwise paid by
9 deductions from salary for survivor's pension, shall be
10 refunded to the member ~~him~~, without interest. No survivor's or
11 children's pension rights shall be effective thereafter in such
12 a case.

13 During a teacher's term of service, no refund is payable
14 except contributions made in error.

15 (Source: P.A. 90-566, eff. 1-2-98.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.