



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB3652

Introduced 1/21/2022, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-141.1

Amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. In a provision authorizing a participating employer to create an early retirement incentive program if the participating employer adopts a specified resolution or ordinance, provides that the resolution or ordinance must contain language specifying that a person who retires under the early retirement incentive program shall lose those incentives if he or she later accepts employment with or enters into a personal services contract with any IMRF employer (instead of any IMRF employer in a position for which participation in IMRF is required or is elected by the employee). Effective immediately.

LRB102 22513 RPS 31654 b

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
5 changing Section 7-141.1 as follows:

6 (40 ILCS 5/7-141.1)

7 (Text of Section before amendment by P.A. 102-210)

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
14 additional sources of revenue and, when those sources are
15 not forthcoming, must establish cost-saving programs.

16 (4) An early retirement incentive designed
17 specifically to target highly-paid senior employees could
18 result in significant annual cost savings.

19 (5) The early retirement incentive should be made
20 available only to those units of local government that
21 determine that an early retirement incentive is in their
22 best interest.

23 (6) A unit of local government adopting a program of

1 early retirement incentives under this Section is
2 encouraged to implement personnel procedures to prohibit,
3 for at least 5 years, the rehiring (whether on payroll or
4 by independent contract) of employees who receive early
5 retirement incentives.

6 (7) A unit of local government adopting a program of
7 early retirement incentives under this Section is also
8 encouraged to replace as few of the participating
9 employees as possible and to hire replacement employees
10 for salaries totaling no more than 80% of the total
11 salaries formerly paid to the employees who participate in
12 the early retirement program.

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

17 (b) Until the effective date of this amendatory Act of
18 1997, this Section does not apply to any employer that is a
19 city, village, or incorporated town, nor to the employees of
20 any such employer. Beginning on the effective date of this
21 amendatory Act of 1997, any employer under this Article,
22 including an employer that is a city, village, or incorporated
23 town, may establish an early retirement incentive program for
24 its employees under this Section. The decision of a city,
25 village, or incorporated town to consider or establish an
26 early retirement program is at the sole discretion of that

1 city, village, or incorporated town, and nothing in this
2 amendatory Act of 1997 limits or otherwise diminishes this
3 discretion. Nothing contained in this Section shall be
4 construed to require a city, village, or incorporated town to
5 establish an early retirement program and no city, village, or
6 incorporated town may be compelled to implement such a
7 program.

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

17 The resolution or ordinance shall be in substantially the
18 following form:

19 RESOLUTION (ORDINANCE) NO.

20 A RESOLUTION (ORDINANCE) ADOPTING AN EARLY
21 RETIREMENT INCENTIVE PROGRAM FOR EMPLOYEES
22 IN THE ILLINOIS MUNICIPAL RETIREMENT FUND

23 WHEREAS, Section 7-141.1 of the Illinois Pension Code
24 provides that a participating employer may elect to adopt an
25 early retirement incentive program offered by the Illinois

1 Municipal Retirement Fund by adopting a resolution or
2 ordinance; and

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

7 WHEREAS, Implementation of the early retirement program
8 will provide a budgeting tool to aid in controlling payroll
9 costs; and

10 WHEREAS, The (name of governing body) has determined that
11 the adoption of an early retirement incentive program is in
12 the best interests of the (name of participating employer);
13 therefore be it

14 RESOLVED (ORDAINED) by the (name of governing body) of
15 (name of participating employer) that:

16 (1) The (name of participating employer) does hereby adopt
17 the Illinois Municipal Retirement Fund early retirement
18 incentive program as provided in Section 7-141.1 of the
19 Illinois Pension Code. The early retirement incentive program
20 shall take effect on (date).

21 (2) In order to help achieve a true cost savings, a person
22 who retires under the early retirement incentive program shall
23 lose those incentives if he or she later accepts employment
24 with or enters into a personal services contract with any IMRF
25 employer ~~in a position for which participation in IMRF is~~
26 ~~required or is elected by the employee.~~

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

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

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

21 (6) The (clerk or secretary) shall promptly file a
22 certified copy of this resolution (ordinance) with the Board
23 of Trustees of the Illinois Municipal Retirement Fund.

24 CERTIFICATION

25 I, (name), the (clerk or secretary) of the (name of
26 participating employer) of the County of (name), State of

1 Illinois, do hereby certify that I am the keeper of the books
2 and records of the (name of employer) and that the foregoing is
3 a true and correct copy of a resolution (ordinance) duly
4 adopted by the (governing body) at a meeting duly convened and
5 held on (date).

6 SEAL

7 (Signature of clerk or secretary)

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

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

21 (2) have never previously received a retirement
22 annuity under this Article or under the Retirement Systems
23 Reciprocal Act using service credit established under this
24 Article;

25 (3) (blank);

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

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

7 (6) be eligible to receive a retirement annuity under
8 this Article by the date of retirement, for which purpose
9 the age enhancement and creditable service established
10 under this Section may be considered.

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

24 (e) An eligible person may establish up to 5 years of
25 creditable service under this Section. In addition, for each
26 period of creditable service established under this Section, a

1 person shall have his or her age at retirement deemed enhanced
2 by an equivalent period.

3 The creditable service established under this Section may
4 be used for all purposes under this Article and the Retirement
5 Systems Reciprocal Act, except for the computation of final
6 rate of earnings and the determination of earnings, salary, or
7 compensation under this or any other Article of the Code.

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

19 (f) For all creditable service established under this
20 Section, the member must pay to the Fund an employee
21 contribution consisting of the total employee contribution
22 rate in effect at the time the member purchases the service for
23 the plan in which the member was participating with the
24 employer at that time multiplied by the member's highest
25 annual salary rate used in the determination of the final rate
26 of earnings for retirement annuity purposes for each year of

1 creditable service granted under this Section. Contributions
2 for fractions of a year of service shall be prorated. Any
3 amounts that are disregarded in determining the final rate of
4 earnings under subdivision (d)(5) of Section 7-116 (the 125%
5 rule) shall also be disregarded in determining the required
6 contribution under this subsection (f).

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

18 (g) An annuitant who has received any age enhancement or
19 creditable service under this Section and thereafter accepts
20 employment with or enters into a personal services contract
21 with an employer under this Article thereby forfeits that age
22 enhancement and creditable service; except that this
23 restriction does not apply to (1) service in an elective
24 office, so long as the annuitant does not participate in this
25 Fund with respect to that office, (2) a person appointed as an
26 officer under subsection (f) of Section 3-109 of this Code,

1 and (3) a person appointed as an auxiliary police officer
2 pursuant to Section 3.1-30-5 of the Illinois Municipal Code. A
3 person forfeiting early retirement incentives under this
4 subsection (i) must repay to the Fund that portion of the
5 retirement annuity already received which is attributable to
6 the early retirement incentives that are being forfeited, (ii)
7 shall not be eligible to participate in any future early
8 retirement program adopted under this Section, and (iii) is
9 entitled to a refund of the employee contribution paid under
10 subsection (f). The Board shall deduct the required repayment
11 from the refund and may impose a reasonable payment schedule
12 for repaying the amount, if any, by which the required
13 repayment exceeds the refund amount.

14 (h) The additional unfunded liability accruing as a result
15 of the adoption of a program of early retirement incentives
16 under this Section by an employer shall be amortized over a
17 period of 10 years beginning on January 1 of the second
18 calendar year following the calendar year in which the latest
19 date for beginning to receive a retirement annuity under the
20 program (as determined by the employer under subsection (d) of
21 this Section) occurs; except that the employer may provide for
22 a shorter amortization period (of no less than 5 years) by
23 adopting an ordinance or resolution specifying the length of
24 the amortization period and submitting a certified copy of the
25 ordinance or resolution to the Fund no later than 6 months
26 after the effective date of the program. An employer, at its

1 discretion, may accelerate payments to the Fund.

2 An employer may provide more than one early retirement
3 incentive program for its employees under this Section.
4 However, an employer that has provided an early retirement
5 incentive program for its employees under this Section may not
6 provide another early retirement incentive program under this
7 Section until the liability arising from the earlier program
8 has been fully paid to the Fund.

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

10 (Text of Section after amendment by P.A. 102-210)

11 Sec. 7-141.1. Early retirement incentive.

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

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

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

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

19 (4) An early retirement incentive designed
20 specifically to target highly-paid senior employees could
21 result in significant annual cost savings.

22 (5) The early retirement incentive should be made
23 available only to those units of local government that
24 determine that an early retirement incentive is in their
25 best interest.

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

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

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

18 (b) Until June 27, 1997 (the effective date of Public Act
19 90-32), this Section does not apply to any employer that is a
20 city, village, or incorporated town, nor to the employees of
21 any such employer. Beginning on June 27, 1997 (the effective
22 date of Public Act 90-32), any employer under this Article,
23 including an employer that is a city, village, or incorporated
24 town, may establish an early retirement incentive program for
25 its employees under this Section. The decision of a city,
26 village, or incorporated town to consider or establish an

1 early retirement program is at the sole discretion of that
2 city, village, or incorporated town, and nothing in Public Act
3 90-32 limits or otherwise diminishes this discretion. Nothing
4 contained in this Section shall be construed to require a
5 city, village, or incorporated town to establish an early
6 retirement program and no city, village, or incorporated town
7 may be compelled to implement such a program.

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

17 The resolution or ordinance shall be in substantially the
18 following form:

19 RESOLUTION (ORDINANCE) NO.

20 A RESOLUTION (ORDINANCE) ADOPTING AN EARLY
21 RETIREMENT INCENTIVE PROGRAM FOR EMPLOYEES
22 IN THE ILLINOIS MUNICIPAL RETIREMENT FUND

23 WHEREAS, Section 7-141.1 of the Illinois Pension Code
24 provides that a participating employer may elect to adopt an
25 early retirement incentive program offered by the Illinois

1 Municipal Retirement Fund by adopting a resolution or
2 ordinance; and

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

7 WHEREAS, Implementation of the early retirement program
8 will provide a budgeting tool to aid in controlling payroll
9 costs; and

10 WHEREAS, The (name of governing body) has determined that
11 the adoption of an early retirement incentive program is in
12 the best interests of the (name of participating employer);
13 therefore be it

14 RESOLVED (ORDAINED) by the (name of governing body) of
15 (name of participating employer) that:

16 (1) The (name of participating employer) does hereby adopt
17 the Illinois Municipal Retirement Fund early retirement
18 incentive program as provided in Section 7-141.1 of the
19 Illinois Pension Code. The early retirement incentive program
20 shall take effect on (date).

21 (2) In order to help achieve a true cost savings, a person
22 who retires under the early retirement incentive program shall
23 lose those incentives if he or she later accepts employment
24 with or enters into a personal services contract with any IMRF
25 employer ~~in a position for which participation in IMRF is~~
26 ~~required or is elected by the employee.~~

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

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

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

21 (6) The (clerk or secretary) shall promptly file a
22 certified copy of this resolution (ordinance) with the Board
23 of Trustees of the Illinois Municipal Retirement Fund.

24 CERTIFICATION

25 I, (name), the (clerk or secretary) of the (name of
26 participating employer) of the County of (name), State of

1 Illinois, do hereby certify that I am the keeper of the books
2 and records of the (name of employer) and that the foregoing is
3 a true and correct copy of a resolution (ordinance) duly
4 adopted by the (governing body) at a meeting duly convened and
5 held on (date).

6 SEAL

7 (Signature of clerk or secretary)

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

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

21 (2) have never previously received a retirement
22 annuity under this Article or under the Retirement Systems
23 Reciprocal Act using service credit established under this
24 Article;

25 (3) (blank);

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

4 (5) have attained age 50 by the date of retirement if
5 he or she is a Tier 1 regular employee or age 57 if he or
6 she is a Tier 2 regular employee, without the use of any
7 age enhancement received under this Section; and

8 (6) be eligible to receive a retirement annuity under
9 this Article by the date of retirement, for which purpose
10 the age enhancement and creditable service established
11 under this Section may be considered.

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

25 (e) An eligible person may establish up to 5 years of
26 creditable service under this Section. In addition, for each

1 period of creditable service established under this Section, a
2 person shall have his or her age at retirement deemed enhanced
3 by an equivalent period.

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

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

20 (f) For all creditable service established under this
21 Section, the member must pay to the Fund an employee
22 contribution consisting of the total employee contribution
23 rate in effect at the time the member purchases the service for
24 the plan in which the member was participating with the
25 employer at that time multiplied by the member's highest
26 annual salary rate used in the determination of the final rate

1 of earnings for retirement annuity purposes for each year of
2 creditable service granted under this Section. Contributions
3 for fractions of a year of service shall be prorated. Any
4 amounts that are disregarded in determining the final rate of
5 earnings under subdivision (d)(5) of Section 7-116 (the 125%
6 rule) shall also be disregarded in determining the required
7 contribution under this subsection (f).

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

19 (g) An annuitant who has received any age enhancement or
20 creditable service under this Section and thereafter accepts
21 employment with or enters into a personal services contract
22 with an employer under this Article thereby forfeits that age
23 enhancement and creditable service; except that this
24 restriction does not apply to (1) service in an elective
25 office, so long as the annuitant does not participate in this
26 Fund with respect to that office, (2) a person appointed as an

1 officer under subsection (f) of Section 3-109 of this Code,
2 and (3) a person appointed as an auxiliary police officer
3 pursuant to Section 3.1-30-5 of the Illinois Municipal Code. A
4 person forfeiting early retirement incentives under this
5 subsection (i) must repay to the Fund that portion of the
6 retirement annuity already received which is attributable to
7 the early retirement incentives that are being forfeited, (ii)
8 shall not be eligible to participate in any future early
9 retirement program adopted under this Section, and (iii) is
10 entitled to a refund of the employee contribution paid under
11 subsection (f). The Board shall deduct the required repayment
12 from the refund and may impose a reasonable payment schedule
13 for repaying the amount, if any, by which the required
14 repayment exceeds the refund amount.

15 (h) The additional unfunded liability accruing as a result
16 of the adoption of a program of early retirement incentives
17 under this Section by an employer shall be amortized over a
18 period of 10 years beginning on January 1 of the second
19 calendar year following the calendar year in which the latest
20 date for beginning to receive a retirement annuity under the
21 program (as determined by the employer under subsection (d) of
22 this Section) occurs; except that the employer may provide for
23 a shorter amortization period (of no less than 5 years) by
24 adopting an ordinance or resolution specifying the length of
25 the amortization period and submitting a certified copy of the
26 ordinance or resolution to the Fund no later than 6 months

1 after the effective date of the program. An employer, at its
2 discretion, may accelerate payments to the Fund.

3 An employer may provide more than one early retirement
4 incentive program for its employees under this Section.
5 However, an employer that has provided an early retirement
6 incentive program for its employees under this Section may not
7 provide another early retirement incentive program under this
8 Section until the liability arising from the earlier program
9 has been fully paid to the Fund.

10 (Source: P.A. 102-210, eff. 1-1-22.)

11 Section 95. No acceleration or delay. Where this Act makes
12 changes in a statute that is represented in this Act by text
13 that is not yet or no longer in effect (for example, a Section
14 represented by multiple versions), the use of that text does
15 not accelerate or delay the taking effect of (i) the changes
16 made by this Act or (ii) provisions derived from any other
17 Public Act.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.