

1 AN ACT in relation to 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 Sec. 7-141.1. Early retirement incentive.

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

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

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

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

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

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

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

28 (7) A unit of local government adopting a program
29 of early retirement incentives under this Section is also
30 encouraged to replace as few of the participating
31 employees as possible and to hire replacement employees

1 for salaries totaling no more than 80% of the total
2 salaries formerly paid to the employees who participate
3 in the early retirement program.

4 It is the primary purpose of this Section to encourage
5 units of local government that can realize true cost savings,
6 or have determined that an early retirement program is in
7 their best interest, to implement an early retirement
8 program.

9 (b) Until the effective date of this amendatory Act of
10 1997, this Section does not apply to any employer that is a
11 city, village, or incorporated town, nor to the employees of
12 any such employer. Beginning on the effective date of this
13 amendatory Act of 1997, any employer under this Article,
14 including an employer that is a city, village, or
15 incorporated town, may establish an early retirement
16 incentive program for its employees under this Section. The
17 decision of a city, village, or incorporated town to consider
18 or establish an early retirement program is at the sole
19 discretion of that city, village, or incorporated town, and
20 nothing in this amendatory Act of 1997 limits or otherwise
21 diminishes this discretion. Nothing contained in this
22 Section shall be construed to require a city, village, or
23 incorporated town to establish an early retirement program
24 and no city, village, or incorporated town may be compelled
25 to implement such a program.

26 The benefits provided in this Section are available only
27 to members employed by a participating employer that has
28 filed with the Board of the Fund a resolution or ordinance
29 expressly providing for the creation of an early retirement
30 incentive program under this Section for its employees and
31 specifying the effective date of the early retirement
32 incentive program. Subject to the limitation in subsection
33 (h), an employer may adopt a resolution or ordinance
34 providing a program of early retirement incentives under this

1 Section at any time.

2 The resolution or ordinance shall be in substantially the
3 following form:

4 RESOLUTION (ORDINANCE) NO.

5 A RESOLUTION (ORDINANCE) ADOPTING AN EARLY
6 RETIREMENT INCENTIVE PROGRAM FOR EMPLOYEES
7 IN THE ILLINOIS MUNICIPAL RETIREMENT FUND

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

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

17 WHEREAS, Implementation of the early retirement program
18 will provide a budgeting tool to aid in controlling payroll
19 costs; and

20 WHEREAS, The (name of governing body) has determined that
21 the adoption of an early retirement incentive program is in
22 the best interests of the (name of participating employer);
23 therefore be it

24 RESOLVED (ORDAINED) by the (name of governing body) of
25 (name of participating employer) that:

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

31 (2) In order to help achieve a true cost savings, a
32 person who retires under the early retirement incentive
33 program shall lose those incentives if he or she later
34 accepts employment with any IMRF employer in a position for

1 which participation in IMRF is required or is elected by the
2 employee.

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

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

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

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

26 CERTIFICATION

27 I, (name), the (clerk or secretary) of the (name of
28 participating employer) of the County of (name), State of
29 Illinois, do hereby certify that I am the keeper of the books
30 and records of the (name of employer) and that the foregoing
31 is a true and correct copy of a resolution (ordinance) duly
32 adopted by the (governing body) at a meeting duly convened
33 and held on (date).

34 SEAL

1 (Signature of clerk or secretary)

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

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

15 (2) have never previously received a retirement
16 annuity under this Article or under the Retirement
17 Systems Reciprocal Act using service credit established
18 under this Article;

19 (3) (blank);

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

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

26 (6) be eligible to receive a retirement annuity
27 under this Article by the date of retirement, for which
28 purpose the age enhancement and creditable service
29 established under this Section may be considered.

30 (d) The employer shall determine the retirement date for
31 each employee participating in the early retirement program
32 adopted under this Section. The retirement date shall be no
33 earlier than the effective date of the program and no later
34 than one year after that effective date, except that the

1 employee may require that the retirement date set by the
2 employer be no later than the June 30 next occurring after
3 the effective date of the program and no earlier than the
4 date upon which the employee qualifies for retirement. The
5 employer shall give each employee participating in the early
6 retirement program at least 30 days written notice of the
7 employee's designated retirement date, unless the employee
8 waives this notice requirement.

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

14 The creditable service established under this Section may
15 be used for all purposes under this Article and the
16 Retirement Systems Reciprocal Act, except for the computation
17 of final rate of earnings and the determination of earnings,
18 salary, or compensation under this or any other Article of
19 the Code.

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

31 (f) For all creditable service established under this
32 Section, the member must pay to the Fund an employee
33 contribution consisting of 4.5% of the member's highest
34 annual salary rate used in the determination of the final

1 rate of earnings for retirement annuity purposes for each
2 year of creditable service granted under this Section. For
3 creditable service established under this Section by a person
4 who is a sheriff's law enforcement employee to be deemed
5 service as a sheriff's law enforcement employee, the employee
6 contribution shall be at the rate of 6.5% of highest annual
7 salary per year of creditable service granted. Contributions
8 for fractions of a year of service shall be prorated. Any
9 amounts that are disregarded in determining the final rate of
10 earnings under subdivision (d)(5) of Section 7-116 (the 125%
11 rule) shall also be disregarded in determining the required
12 contribution under this subsection (f).

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

24 (g) An annuitant who has received any age enhancement or
25 creditable service under this Section and thereafter accepts
26 employment with or enters into a personal services contract
27 with an employer under this Article thereby forfeits that age
28 enhancement and creditable service; except that this
29 restriction does not apply to service in an elective office,
30 so long as the annuitant does not participate in this Fund
31 with respect to that office. A person forfeiting early
32 retirement incentives under this subsection (i) must repay to
33 the Fund that portion of the retirement annuity already
34 received which is attributable to the early retirement

1 incentives that are being forfeited, (ii) shall not be
2 eligible to participate in any future early retirement
3 program adopted under this Section, and (iii) is entitled to
4 a refund of the employee contribution paid under subsection
5 (f). The Board shall deduct the required repayment from the
6 refund and may impose a reasonable payment schedule for
7 repaying the amount, if any, by which the required repayment
8 exceeds the refund amount.

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

24 An employer may provide more than one early retirement
25 incentive program for its employees under this Section.
26 However, an employer that has provided an early retirement
27 incentive program for its employees under this Section may
28 not provide another early retirement incentive program under
29 this Section until the liability arising from the earlier
30 program has been fully paid to the Fund.

31 (Source: P.A. 90-32, eff. 6-27-97; 91-887, eff. 7-6-00.)

32 Section 99. Effective date. This Act takes effect upon
33 becoming law.