

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 Sections 14-108.3 and 16-133.3 as follows:

6 (40 ILCS 5/14-108.3)

7 Sec. 14-108.3. Early retirement incentives.

8 (a) To be eligible for the benefits provided in this
9 Section, a person must:

10 (1) be a member of this System who, on any day
11 during June, 2002, is (i) in active payroll status in a
12 position of employment with a department and an active
13 contributor to this System with respect to that
14 employment, and terminates that employment before the
15 retirement annuity under this Article begins, or (ii) on
16 layoff status from such a position with a right of
17 re-employment or recall to service, or (iii) receiving
18 benefits under Section 14-123, 14-123.1 or 14-124, but
19 only if the member has not been receiving those benefits
20 for a continuous period of more than 2 years as of the
21 date of application;

22 (2) not have received any retirement annuity under
23 this Article beginning earlier than August 1, 2002;

24 (3) file with the Board on or before June 30, 2003
25 ~~December--31--2002~~ a written application requesting the
26 benefits provided in this Section;

27 (4) terminate employment under this Article no
28 later than June 30, 2003 ~~December-31--2002~~ (or the date
29 established under subsection (d), if applicable);

30 (5) by the date of termination of service, have at
31 least 8 years of creditable service under this Article,

1 without the use of any creditable service established
2 under this Section;

3 (6) by the date of termination of service, have at
4 least 5 years of membership service earned while an
5 employee under this Article, which may include military
6 service for which credit is established under Section
7 14-105(b), service during the qualifying period for which
8 credit is established under Section 14-104(a), and
9 service for which credit has been established by repaying
10 a refund under Section 14-130, but shall not include
11 service for which any other optional service credit has
12 been established; and

13 (7) not receive any early retirement benefit under
14 Section 16-133.3 of this Code.

15 (b) An eligible person may establish up to 5 years of
16 creditable service under this Article, in increments of one
17 month, by making the contributions specified in subsection
18 (c). In addition, for each month of creditable service
19 established under this Section, a person's age at retirement
20 shall be deemed to be one month older than it actually is.

21 The creditable service established under this Section may
22 be used for all purposes under this Article and the
23 Retirement Systems Reciprocal Act, except for the computation
24 of final average compensation under Section 14-103.12 or the
25 determination of compensation under this or any other Article
26 of this Code.

27 The age enhancement established under this Section may
28 not be used to enable any person to begin receiving a
29 retirement annuity calculated under Section 14-110 before
30 actually attaining age 50 (without any age enhancement under
31 this Section). The age enhancement established under this
32 Section may be used for all other purposes under this Article
33 (including calculation of a proportionate annuity payable by
34 this System under the Retirement Systems Reciprocal Act),

1 except for purposes of the level income option in Section
2 14-112, the reversionary annuity under Section 14-113, and
3 the required distributions under Section 14-121.1.

4 The age enhancement established under this Section may be
5 used in determining benefits payable under Article 16 of this
6 Code under the Retirement Systems Reciprocal Act, if the
7 person has at least 5 years of service credit in the Article
8 16 system that was earned while participating in that system
9 as a teacher (as defined in Section 16-106) employed by a
10 department (as defined in Section 14-103.04). Age
11 enhancement established under this Section shall not
12 otherwise be used in determining benefits payable under other
13 Articles of this Code under the Retirement Systems Reciprocal
14 Act.

15 (c) For all creditable service established under this
16 Section, a person must pay to the System an employee
17 contribution to be determined by the System, based on the
18 member's rate of compensation on June 1, 2002 (or the last
19 date before June 1, 2002 for which a rate can be determined)
20 and the retirement contribution rate in effect on June 1,
21 2002 for the member (or for members with the same social
22 security and alternative formula status as the member).

23 If the member receives a lump sum payment for accumulated
24 vacation, sick leave and personal leave upon withdrawal from
25 service, and the net amount of that lump sum payment is at
26 least as great as the amount of the contribution required
27 under this Section, the entire contribution must be paid by
28 the employee by payroll deduction. If there is no such lump
29 sum payment, or if it is less than the contribution required
30 under this Section, the member shall make an initial payment
31 by payroll deduction, equal to the net amount of the lump sum
32 payment for accumulated vacation, sick leave, and personal
33 leave, and have the remaining amount due treated as a
34 reduction from the retirement annuity in 24 equal monthly

1 installments beginning in the month in which the retirement
2 annuity takes effect. The required contribution may be paid
3 as a pre-tax deduction from earnings. For federal and
4 Illinois tax purposes, the monthly amount by which the
5 annuitant's benefit is reduced shall not be treated as a
6 contribution by the annuitant, but rather as a reduction of
7 the annuitant's monthly benefit.

8 (c-5) The reduction in retirement annuity provided in
9 subsection (c) of Section 14-108 does not apply to the
10 annuity of a person who retires under this Section. A person
11 who has received any age enhancement or creditable service
12 under this Section may begin to receive an unreduced
13 retirement annuity upon attainment of age 55 with at least 25
14 years of creditable service (including any age enhancement
15 and creditable service established under this Section).

16 (d) In order to ensure that the efficient operation of
17 State government is not jeopardized by the simultaneous
18 retirement of large numbers of key personnel, the director or
19 other head of a department may, for key employees of that
20 department, extend the December 31, 2002 deadline for
21 terminating employment under this Article established in
22 subdivision (a)(4) of this Section to a date not later than
23 April 30, 2003 by so notifying the System in writing by
24 December 31, 2002.

25 (e) Notwithstanding Section 14-111, a person who has
26 received any age enhancement or creditable service under this
27 Section and who reenters service under this Article (or as an
28 employee of a department under Article 16) other than as a
29 temporary employee thereby forfeits that age enhancement and
30 creditable service and is entitled to a refund of the
31 contributions made pursuant to this Section.

32 (f) The System shall determine the amount of the
33 increase in unfunded accrued liability resulting from the
34 granting of early retirement incentives under this Section

1 and shall report that amount to the Governor and the Pension
2 Laws Commission on or before November 15, 2003. The increase
3 in liability reported under this subsection (f) shall not be
4 included in the calculation of the required State
5 contribution under Section 14-131.

6 (g) The System shall determine the amount of the annual
7 State contribution necessary to amortize on a level
8 dollar-payment basis, over a period of 10 years at 8.5%
9 interest, compounded annually, an amount equal to the
10 increase in unfunded accrued liability determined under
11 subsection (f) minus \$70,000,000. The System shall certify
12 the amount of this annual State contribution to the Governor,
13 the State Comptroller, the Bureau of the Budget, and the
14 Pension Laws Commission on or before November 15, 2003.

15 In addition to the contributions otherwise required under
16 this Article, the State shall appropriate and pay to the
17 System (1) an amount equal to \$70,000,000 in State fiscal
18 year 2004 and (2) in each of State fiscal years 2005 through
19 2013, an amount equal to the annual State contribution
20 certified by the System under this subsection (g).

21 (h) The Pension Laws Commission shall determine and
22 report to the General Assembly, on or before January 1, 2004
23 and annually thereafter through the year 2013, its estimate
24 of (1) the annual amount of payroll savings likely to be
25 realized by the State as a result of the early retirement of
26 persons receiving early retirement incentives under this
27 Section and (2) the net annual savings or cost to the State
28 from the program of early retirement incentives created under
29 this Section.

30 The System, the Department of Central Management
31 Services, the Bureau of the Budget, and all other departments
32 shall provide to the Commission any assistance that the
33 Commission may request with respect to its reports under this
34 Section. The Commission may require departments to provide

1 it with any information that it deems necessary or useful
 2 with respect to its reports under this Section, including
 3 without limitation information about (1) the final earnings
 4 of former department employees who elected to receive
 5 benefits under this Section, (2) the earnings of current
 6 department employees holding the positions vacated by persons
 7 who elected to receive benefits under this Section, and (3)
 8 positions vacated by persons who elected to receive benefits
 9 under this Section that have not yet been refilled.

10 (i) The changes made to this Section by this amendatory
 11 Act of the 92nd General Assembly do not apply to persons who
 12 retired under this Section on or before May 1, 1992.

13 (j) The changes made to this Section by this amendatory
 14 Act of the 93rd General Assembly apply only to (1) persons in
 15 service under this Article on the effective date of this
 16 amendatory Act and (2) persons whose employment under this
 17 Article was terminated without cause on or after December 15,
 18 2002 but before the effective date of this amendatory Act.

19 (Source: P.A. 92-566, eff. 6-25-02.)

20 (40 ILCS 5/16-133.3) (from Ch. 108 1/2, par. 16-133.3)
 21 Sec. 16-133.3. Early retirement incentives for State
 22 employees.

23 (a) To be eligible for the benefits provided in this
 24 Section, a person must:

25 (1) be a member of this System who, on any day
 26 during June, 2002, is (i) in active payroll status as a
 27 full-time teacher employed by a department and an active
 28 contributor to this System with respect to that
 29 employment, or (ii) on layoff status from such a position
 30 with a right of re-employment or recall to service, or
 31 (iii) receiving a disability benefit under Section 16-149
 32 or 16-149.1, but only if the member has not been
 33 receiving that benefit for a continuous period of more

1 than 2 years as of the date of application;

2 (2) not have received any retirement annuity under
3 this Article beginning earlier than August 1, 2002;

4 (3) file with the Board on or before June 30, 2003
5 ~~December-31, 2002~~ a written application requesting the
6 benefits provided in this Section;

7 (4) terminate employment under this Article no
8 later than June 30, 2003 ~~December-31, 2002~~ (or the date
9 established under subsection (d), if applicable);

10 (5) by the date of termination of service, have at
11 least 8 years of creditable service under this Article,
12 without the use of any creditable service established
13 under this Section;

14 (6) by the date of termination of service, have at
15 least 5 years of service credit earned while
16 participating in the System as a teacher employed by a
17 department; and

18 (7) not receive any early retirement benefit under
19 Section 14-108.3 of this Code.

20 For the purposes of this Section, "department" means a
21 department as defined in Section 14-103.04 that employs a
22 teacher as defined in this Article.

23 (b) An eligible person may establish up to 5 years of
24 creditable service under this Article by making the
25 contributions specified in subsection (c). In addition, for
26 each period of creditable service established under this
27 Section, a person's age at retirement shall be deemed to be
28 enhanced by an equivalent period.

29 The creditable service established under this Section may
30 be used for all purposes under this Article and the
31 Retirement Systems Reciprocal Act, except for the computation
32 of final average salary, the determination of salary or
33 compensation under this Article or any other Article of this
34 Code, or the determination of eligibility for or the

1 computation of benefits under Section 16-133.2.

2 The age enhancement established under this Section may be
3 used for all purposes under this Article (including
4 calculation of a proportionate annuity payable by this System
5 under the Retirement Systems Reciprocal Act), except for
6 purposes of a retirement annuity under Section 16-133(a)(A),
7 a reversionary annuity under Section 16-136, the required
8 distributions under Section 16-142.3, and the determination
9 of eligibility for or the computation of benefits under
10 Section 16-133.2. Age enhancement established under this
11 Section may be used in determining benefits payable under
12 Article 14 of this Code under the Retirement Systems
13 Reciprocal Act (subject to the limitations on the use of age
14 enhancement provided in Section 14-108.3); age enhancement
15 established under this Section shall not be used in
16 determining benefits payable under other Articles of this
17 Code under the Retirement Systems Reciprocal Act.

18 (c) For all creditable service established under this
19 Section, a person must pay to the System an employee
20 contribution to be determined by the System, equal to 9.0% of
21 the member's highest annual salary rate that would be used in
22 the determination of the average salary for retirement
23 annuity purposes if the member retired immediately after
24 withdrawal, for each year of creditable service established
25 under this Section.

26 If the member receives a lump sum payment for accumulated
27 vacation, sick leave, and personal leave upon withdrawal from
28 service, and the net amount of that lump sum payment is at
29 least as great as the amount of the contribution required
30 under this Section, the entire contribution must be paid by
31 the employee by payroll deduction. If there is no such lump
32 sum payment, or if it is less than the contribution required
33 under this Section, the member shall make an initial payment
34 by payroll deduction, equal to the net amount of the lump sum

1 payment for accumulated vacation, sick leave, and personal
2 leave, and have the remaining amount due treated as a
3 reduction from the retirement annuity in 24 equal monthly
4 installments beginning in the month in which the retirement
5 annuity takes effect. The required contribution may be paid
6 as a pre-tax deduction from earnings.

7 (d) In order to ensure that the efficient operation of
8 State government is not jeopardized by the simultaneous
9 retirement of large numbers of key personnel, the director or
10 other head of a department may, for key employees of that
11 department, extend the December 31, 2002 deadline for
12 terminating employment under this Article established in
13 subdivision (a)(4) of this Section to a date not later than
14 April 30, 2003 by so notifying the System in writing by
15 December 31, 2002.

16 (e) A person who has received any age enhancement or
17 creditable service under this Section and who reenters
18 contributing service under this Article or Article 14 shall
19 thereby forfeit that age enhancement and creditable service,
20 and become entitled to a refund of the contributions made
21 pursuant to this Section.

22 (f) The System shall determine the amount of the
23 increase in unfunded accrued liability resulting from the
24 granting of early retirement incentives under this Section
25 and shall report that amount to the Governor and the Pension
26 Laws Commission on or before November 15, 2003. The increase
27 in liability reported under this subsection (f) shall not be
28 included in the calculation of the required State
29 contribution under Section 16-158.

30 (g) The System shall determine the amount of the annual
31 State contribution necessary to amortize on a level
32 dollar-payment basis, over a period of 10 years at 8.5%
33 interest, compounded annually, an amount equal to the
34 increase in unfunded accrued liability determined under

1 subsection (f) minus \$1,000,000. The System shall certify
2 the amount of this annual State contribution to the Governor,
3 the State Comptroller, the Bureau of the Budget, and the
4 Pension Laws Commission on or before November 15, 2003.

5 In addition to the contributions otherwise required under
6 this Article, the State shall appropriate and pay to the
7 System (1) an amount equal to \$1,000,000 in State fiscal year
8 2004 and (2) in each of State fiscal years 2005 through 2013,
9 an amount equal to the annual State contribution certified by
10 the System under this subsection (g).

11 (h) The Pension Laws Commission shall determine and
12 report to the General Assembly, on or before January 1, 2004
13 and annually thereafter through the year 2013, its estimate
14 of (1) the annual amount of payroll savings likely to be
15 realized by the State as a result of the early retirement of
16 persons receiving early retirement incentives under this
17 Section and (2) the net annual savings or cost to the State
18 from the program of early retirement incentives created under
19 this Section.

20 The System, the Department of Central Management
21 Services, the Bureau of the Budget, and all other departments
22 shall provide to the Commission any assistance that the
23 Commission may request with respect to its reports under this
24 Section. The Commission may require departments to provide
25 it with any information that it deems necessary or useful
26 with respect to its reports under this Section, including
27 without limitation information about (1) the final earnings
28 of former department employees who elected to receive
29 benefits under this Section, (2) the earnings of current
30 department employees holding the positions vacated by persons
31 who elected to receive benefits under this Section, and (3)
32 positions vacated by persons who elected to receive benefits
33 under this Section that have not yet been refilled.

34 (i) The changes made to this Section by this amendatory

1 Act of the 92nd General Assembly do not apply to persons who
2 retired under this Section on or before May 1, 1992.

3 (j) The changes made to this Section by this amendatory
4 Act of the 93rd General Assembly apply only to (1) persons in
5 service with a department under this Article on the effective
6 date of this amendatory Act and (2) persons whose employment
7 with a department under this Article was terminated without
8 cause on or after December 15, 2002 but before the effective
9 date of this amendatory Act.

10 (Source: P.A. 92-566, eff. 6-25-02.)

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.