

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, 2004  
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, 2004 ~~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 who leave active service after  
17 December 31, 2002 and before July 1, 2004.

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

19 (40 ILCS 5/16-133.3) (from Ch. 108 1/2, par. 16-133.3)

20 Sec. 16-133.3. Early retirement incentives for State  
21 employees.

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

24 (1) be a member of this System who, on any day  
25 during June, 2002, is (i) in active payroll status as a  
26 full-time teacher employed by a department and an active  
27 contributor to this System with respect to that  
28 employment, or (ii) on layoff status from such a position  
29 with a right of re-employment or recall to service, or  
30 (iii) receiving a disability benefit under Section 16-149  
31 or 16-149.1, but only if the member has not been  
32 receiving that benefit for a continuous period of more  
33 than 2 years as of the date of application;

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

3           (3) file with the Board on or before June 30, 2004  
4 ~~December-31,-2002~~ a written application requesting the  
5 benefits provided in this Section;

6           (4) terminate employment under this Article no  
7 later than June 30, 2004 ~~December-31,-2002~~ (or the date  
8 established under subsection (d), if applicable);

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

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

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

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

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

28       The creditable service established under this Section may  
29 be used for all purposes under this Article and the  
30 Retirement Systems Reciprocal Act, except for the computation  
31 of final average salary, the determination of salary or  
32 compensation under this Article or any other Article of this  
33 Code, or the determination of eligibility for or the  
34 computation of benefits under Section 16-133.2.

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

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

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

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

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

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

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

29 (g) The System shall determine the amount of the annual  
30 State contribution necessary to amortize on a level  
31 dollar-payment basis, over a period of 10 years at 8.5%  
32 interest, compounded annually, an amount equal to the  
33 increase in unfunded accrued liability determined under  
34 subsection (f) minus \$1,000,000. The System shall certify

1 the amount of this annual State contribution to the Governor,  
2 the State Comptroller, the Bureau of the Budget, and the  
3 Pension Laws Commission on or before November 15, 2003.

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

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

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

33 (i) The changes made to this Section by this amendatory  
34 Act of the 92nd General Assembly do not apply to persons who

1 retired under this Section on or before May 1, 1992.

2 (j) The changes made to this Section by this amendatory  
3 Act of the 93rd General Assembly apply only to (1) persons in  
4 service with a department under this Article on the effective  
5 date of this amendatory Act and (2) persons who leave active  
6 service after December 31, 2002 and before July 1, 2004.

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

8 Section 99. Effective date. This Act takes effect upon  
9 becoming law.