



## 93RD GENERAL ASSEMBLY

### State of Illinois

2003 and 2004

HB4711

Introduced 2/4/2004, by Richard T. Bradley

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-119.1  
30 ILCS 805/8.28 new

Amends the Chicago Teacher Article of the Illinois Pension Code. Eliminates the required contribution for converting past service to the augmented retirement formula, and provides for a refund of such contributions already paid. Also provides for recalculation of the pension and a lump sum payment of the difference between the augmented and unaugmented rates for certain pensioners. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB093 14997 LRD 40566 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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 changing  
5 Section 17-119.1 as follows:

6 (40 ILCS 5/17-119.1)

7 Sec. 17-119.1. Optional increase in retirement annuity.

8 (a) Beginning on the effective date of this amendatory Act  
9 of the 93rd General Assembly, a member of the Fund shall ~~may~~  
10 qualify for the augmented rate under subdivision (b)(3) of  
11 Section 17-116 for all years of creditable service earned  
12 before July 1, 1998 without ~~by~~ making any ~~the~~ optional  
13 contribution. Any such contribution already paid under this  
14 Section shall be refunded by the Fund to the teacher or  
15 pensioner (or, if deceased, to the teacher or pensioner's  
16 survivor, beneficiary, or estate), together with interest at  
17 the rate of 5%, compounded annually, from the date of payment  
18 of the contribution to the date of refund; except that any such  
19 contribution that has been paid by an employer under subsection  
20 (e) shall be refunded to the employer. ~~specified in subsection~~  
21 ~~(b); except that a member who retires on or after July 1, 1998~~  
22 ~~with at least 30 years of creditable service at retirement~~  
23 ~~qualifies for the augmented rate without making any~~  
24 ~~contribution under subsection (b).~~

25 Any member who retires on or after July 1, 1998 and before  
26 the effective date of this amendatory Act of the 93rd ~~92nd~~  
27 General Assembly and whose pension was calculated using an  
28 unaugmented rate may elect to have the pension recalculated  
29 using the applicable augmented rate and to ~~with at least 30~~  
30 ~~years of creditable service shall~~ be paid a lump sum equal to  
31 the amount he or she would have received under the augmented  
32 rate minus the amount he or she actually received prior to the

1 effective date of the recalculation.

2 The changes to this Section made by this amendatory Act of  
3 the 93rd General Assembly apply without regard to whether the  
4 member was in service on or after its effective date and  
5 notwithstanding Section 17-157.

6 ~~A member may not elect to qualify for the augmented rate~~  
7 ~~for only a portion of his or her creditable service earned~~  
8 ~~before July 1, 1998.~~

9 (b) (Blank). ~~The contribution shall be an amount equal to~~  
10 ~~1.0% of the member's highest salary rate in the 4 consecutive~~  
11 ~~school years immediately prior to but not including the school~~  
12 ~~year in which the application occurs, multiplied by the number~~  
13 ~~of years of creditable service earned by the member before July~~  
14 ~~1, 1998 or 20, whichever is less. This contribution shall be~~  
15 ~~reduced by 1.0% of that salary rate for every 3 full years of~~  
16 ~~creditable service earned by the member after June 30, 1998.~~  
17 ~~The contribution shall be further reduced at the rate of 25% of~~  
18 ~~the contribution (as reduced for service after June 30, 1998)~~  
19 ~~for each year of the member's total creditable service in~~  
20 ~~excess of 34 years. The contribution shall not in any event~~  
21 ~~exceed 20% of that salary rate.~~

22 ~~The member shall pay to the Fund the amount of the~~  
23 ~~contribution as calculated at the time of application under~~  
24 ~~this Section. The amount of the contribution determined under~~  
25 ~~this subsection shall be recalculated at the time of~~  
26 ~~retirement, and if the Fund determines that the amount paid by~~  
27 ~~the member exceeds the recalculated amount, the Fund shall~~  
28 ~~refund the difference to the member with regular interest from~~  
29 ~~the date of payment to the date of refund.~~

30 ~~The contribution required by this subsection shall be paid~~  
31 ~~in one of the following ways or in a combination of the~~  
32 ~~following ways that does not extend over more than 5 years:~~

33 ~~(i) in a lump sum on or before the date of retirement;~~

34 ~~(ii) in substantially equal installments over a period~~  
35 ~~of time not to exceed 5 years, as a deduction from salary~~  
36 ~~in accordance with Section 17-130.2;~~

1 ~~(iii) in substantially equal monthly installments over~~  
2 ~~a 24-month period, by a deduction from the annuitant's~~  
3 ~~monthly benefit.~~

4 (c) (Blank). ~~If the member fails to make the full~~  
5 ~~contribution under this Section in a timely fashion, the~~  
6 ~~payments made under this Section shall be refunded to the~~  
7 ~~member, without interest. If the member (including a member who~~  
8 ~~has become an annuitant) dies before making the full~~  
9 ~~contribution, the payments made under this Section shall be~~  
10 ~~refunded to the member's designated beneficiary if there is no~~  
11 ~~survivor's or children's pension benefit payable. If there is a~~  
12 ~~survivor's or children's benefit payable, then all payments~~  
13 ~~made under this Section shall be retained by the Fund and all~~  
14 ~~such survivor's or children's benefits payable shall be~~  
15 ~~calculated as if all contributions required under this Section~~  
16 ~~have been paid in full.~~

17 (d) (Blank). ~~For purposes of this Section and subsection~~  
18 ~~(b) of Section 17-116, optional creditable service established~~  
19 ~~by a member shall be deemed to have been earned at the time of~~  
20 ~~the employment or other qualifying event upon which the service~~  
21 ~~is based, rather than at the time the credit was established in~~  
22 ~~this Fund.~~

23 (e) (Blank). ~~The contributions required under this Section~~  
24 ~~are the responsibility of the teacher and not the teacher's~~  
25 ~~employer. However, an employer of teachers may, after the~~  
26 ~~effective date of this amendatory Act of 1998, specifically~~  
27 ~~agree, through collective bargaining or otherwise, to make the~~  
28 ~~contributions required by this Section on behalf of those~~  
29 ~~teachers.~~

30 (Source: P.A. 91-17, eff. 6-4-99; 92-416, eff. 8-17-01; 92-599,  
31 eff. 6-28-02; 92-651, eff. 7-11-02.)

32 Section 90. The State Mandates Act is amended by adding  
33 Section 8.28 as follows:

34 (30 ILCS 805/8.28 new)

1       Sec. 8.28. Exempt mandate. Notwithstanding Sections 6 and 8  
2       of this Act, no reimbursement by the State is required for the  
3       implementation of any mandate created by this amendatory Act of  
4       the 93rd General Assembly.

5       Section 99. Effective date. This Act takes effect upon  
6       becoming law.