



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

SB2433

Introduced 2/3/2004, by Vince Demuzio

SYNOPSIS AS INTRODUCED:

40 ILCS 5/16-106	from Ch. 108 1/2, par. 16-106
40 ILCS 5/16-118	from Ch. 108 1/2, par. 16-118
40 ILCS 5/16-133.3	from Ch. 108 1/2, par. 16-133.3

Amends the Illinois Pension Code. Provides that an annuitant may accept employment as a teacher with the Illinois School for the Deaf or the Illinois School for the Visually Impaired for an unlimited period without impairing his or her status as a retired teacher if (1) the annuitant accepts that employment in order to fill a vacancy caused by a lack of qualified applicants for teaching positions at either of those schools and (2) the annuitant is qualified to fill that vacancy. Effective immediately.

LRB093 20500 LRD 46292 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

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 changing
5 Sections 16-106, 16-118 and 16-133.3 as follows:

6 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

7 Sec. 16-106. Teacher. "Teacher": The following
8 individuals, provided that, for employment prior to July 1,
9 1990, they are employed on a full-time basis, or if not
10 full-time, on a permanent and continuous basis in a position in
11 which services are expected to be rendered for at least one
12 school term:

13 (1) Any educational, administrative, professional or
14 other staff employed in the public common schools included
15 within this system in a position requiring certification
16 under the law governing the certification of teachers;

17 (2) Any educational, administrative, professional or
18 other staff employed in any facility of the Department of
19 Children and Family Services or the Department of Human
20 Services, in a position requiring certification under the
21 law governing the certification of teachers, and any person
22 who (i) works in such a position for the Department of
23 Corrections, (ii) was a member of this System on May 31,
24 1987, and (iii) did not elect to become a member of the
25 State Employees' Retirement System pursuant to Section
26 14-108.2 of this Code; except that "teacher" does not
27 include any person who (A) becomes a security employee of
28 the Department of Human Services, as defined in Section
29 14-110, after June 28, 2001 (the effective date of Public
30 Act 92-14), or (B) becomes a member of the State Employees'
31 Retirement System pursuant to Section 14-108.2c of this
32 Code;

1 (3) Any regional superintendent of schools, assistant
2 regional superintendent of schools, State Superintendent
3 of Education; any person employed by the State Board of
4 Education as an executive; any executive of the boards
5 engaged in the service of public common school education in
6 school districts covered under this system of which the
7 State Superintendent of Education is an ex-officio member;

8 (4) Any employee of a school board association
9 operating in compliance with Article 23 of the School Code
10 who is certificated under the law governing the
11 certification of teachers;

12 (5) Any person employed by the retirement system who:

13 (i) was an employee of and a participant in the
14 system on August 17, 2001 (the effective date of Public
15 Act 92-416), or

16 (ii) becomes an employee of the system on or after
17 August 17, 2001;

18 (6) Any educational, administrative, professional or
19 other staff employed by and under the supervision and
20 control of a regional superintendent of schools, provided
21 such employment position requires the person to be
22 certificated under the law governing the certification of
23 teachers and is in an educational program serving 2 or more
24 districts in accordance with a joint agreement authorized
25 by the School Code or by federal legislation;

26 (7) Any educational, administrative, professional or
27 other staff employed in an educational program serving 2 or
28 more school districts in accordance with a joint agreement
29 authorized by the School Code or by federal legislation and
30 in a position requiring certification under the laws
31 governing the certification of teachers;

32 (8) Any officer or employee of a statewide teacher
33 organization or officer of a national teacher organization
34 who is certified under the law governing certification of
35 teachers, provided: (i) the individual had previously
36 established creditable service under this Article, (ii)

1 the individual files with the system an irrevocable
2 election to become a member, and (iii) the individual does
3 not receive credit for such service under any other Article
4 of this Code;

5 (9) Any educational, administrative, professional, or
6 other staff employed in a charter school operating in
7 compliance with the Charter Schools Law who is certificated
8 under the law governing the certification of teachers.

9 An annuitant receiving a retirement annuity under this
10 Article or under Article 17 of this Code who is employed by a
11 board of education or other employer as permitted under Section
12 16-118 or 16-150.1 is not a "teacher" for purposes of this
13 Article. A person who has received a single-sum retirement
14 benefit under Section 16-136.4 of this Article is not a
15 "teacher" for purposes of this Article. An annuitant receiving
16 a retirement annuity who accepts employment as a teacher with
17 the Illinois School for the Deaf or the Illinois School for the
18 Visually Impaired to fill a vacancy caused by a lack of
19 qualified applicants for teaching positions at either of those
20 schools and who is qualified to fill that vacancy and who is
21 authorized under subsection (a) of Section 16-118 to accept
22 that employment without impairing his or her status as a
23 retired teacher is not a "teacher" for purposes of this Article
24 with respect to that employment.

25

26 (Source: P.A. 92-14, eff. 6-28-01; 92-416, eff. 8-17-01;
27 92-651, eff. 7-11-02; 93-320, eff. 7-23-03.)

28 (40 ILCS 5/16-118) (from Ch. 108 1/2, par. 16-118)

29 Sec. 16-118. Retirement. "Retirement": Entry upon a
30 retirement annuity or receipt of a single-sum retirement
31 benefit granted under this Article after termination of active
32 service as a teacher.

33 (a) An annuitant receiving a retirement annuity other than
34 a disability retirement annuity may accept employment as a
35 teacher from a school board or other employer specified in

1 Section 16-106 without impairing retirement status, if that
2 employment: (1) is not within the school year during which
3 service was terminated; and (2) does not exceed 100 paid days
4 or 500 paid hours in any school year (during the period
5 beginning July 1, 2001 through June 30, 2006, 120 paid days or
6 600 paid hours in each school year). Where such permitted
7 employment is partly on a daily and partly on an hourly basis,
8 a day shall be considered as 5 hours. Notwithstanding any
9 provision in this subsection (a) to the contrary, the
10 limitations in items (1) and (2) of this subsection (a) do not
11 apply to an annuitant receiving a retirement annuity, including
12 an annuitant who took advantage of the program of early
13 retirement benefits provided under Section 16-133.3, but not
14 including an annuitant receiving a disability retirement
15 annuity, if (i) the annuitant accepts employment as a teacher
16 with the Illinois School for the Deaf or the Illinois School
17 for the Visually Impaired to fill a vacancy caused by a lack of
18 qualified applicants for teaching positions at either of those
19 schools and (ii) the annuitant is qualified to fill that
20 vacancy.

21 (b) Subsection (a) does not apply to an annuitant who
22 returns to teaching under the program established in Section
23 16-150.1, for the duration of his or her participation in that
24 program.

25 (Source: P.A. 92-416, eff. 8-17-01; 93-320, eff. 7-23-03.)

26 (40 ILCS 5/16-133.3) (from Ch. 108 1/2, par. 16-133.3)

27 Sec. 16-133.3. Early retirement incentives for State
28 employees.

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

31 (1) be a member of this System who, on any day during
32 June, 2002, is (i) in active payroll status as a full-time
33 teacher employed by a department and an active contributor
34 to this System with respect to that employment, or (ii) on
35 layoff status from such a position with a right of

1 re-employment or recall to service, or (iii) receiving a
2 disability benefit under Section 16-149 or 16-149.1, but
3 only if the member has not been receiving that benefit for
4 a continuous period of more than 2 years as of the date of
5 application;

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

8 (3) file with the Board on or before December 31, 2002
9 a written application requesting the benefits provided in
10 this Section;

11 (4) terminate employment under this Article no later
12 than December 31, 2002 (or the date established under
13 subsection (d), if applicable);

14 (5) by the date of termination of service, have at
15 least 8 years of creditable service under this Article,
16 without the use of any creditable service established under
17 this Section;

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

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

23 For the purposes of this Section, "department" means a
24 department as defined in Section 14-103.04 that employs a
25 teacher as defined in this Article.

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

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

1 determination of eligibility for or the computation of benefits
2 under Section 16-133.2.

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

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

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

1 leave, and have the remaining amount due treated as a reduction
2 from the retirement annuity in 24 equal monthly installments
3 beginning in the month in which the retirement annuity takes
4 effect. The required contribution may be paid as a pre-tax
5 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) Except as otherwise provided in Section 16-118, a ~~A~~
16 person who has received any age enhancement or creditable
17 service under this Section and who reenters contributing
18 service under this Article or Article 14 shall thereby forfeit
19 that age enhancement and creditable service, and become
20 entitled to a refund of the contributions made pursuant to this
21 Section.

22 (f) The System shall determine the amount of the increase
23 in unfunded accrued liability resulting from the granting of
24 early retirement incentives under this Section and shall report
25 that amount to the Governor and the Pension Laws Commission (or
26 its successor, the Economic and Fiscal Commission) on or before
27 November 15, 2003. The increase in liability reported under
28 this subsection (f) shall not be included in the calculation of
29 the required State 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 increase
34 in unfunded accrued liability determined under subsection (f)
35 minus \$1,000,000. The System shall certify the amount of this
36 annual State contribution to the Governor, the State

1 Comptroller, the Governor's Office of Management and Budget
2 (formerly Bureau of the Budget), and the Pension Laws
3 Commission (or its successor, the Economic and Fiscal
4 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 System
7 (1) an amount equal to \$1,000,000 in State fiscal year 2004 and
8 (2) in each of State fiscal years 2005 through 2013, an amount
9 equal to the annual State contribution certified by the System
10 under this subsection (g).

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

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

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

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

2 (Source: P.A. 92-566, eff. 6-25-02; 93-632, eff. 2-1-04.)

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.