



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

HB0228

Introduced 1/13/2005, by Rep. Richard T. Bradley

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-116.7 new  
40 ILCS 5/17-116.8 new  
30 ILCS 805/8.29 new

Amends the Chicago Teacher Article of the Illinois Pension Code. Provides an early retirement incentive program for certain teachers who terminate service on or after February 1, 2006 and on or before June 30, 2006 or on or after February 1, 2007 and on or before June 30, 2007. Allows the purchase of up to 5 years of age enhancement and creditable service. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB094 03518 LRD 33521 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 adding  
5 Sections 17-116.7 and 17-116.8 as follows:

6 (40 ILCS 5/17-116.7 new)

7 Sec. 17-116.7. 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 Fund who, on November 1, 2005,  
11 is (i) in active payroll status as a teacher, or (ii) on  
12 layoff status from such a position with a right of  
13 re-employment or recall to service, or (iii) on leave of  
14 absence from such a position, but only if the member on  
15 leave has not been receiving a disability benefit under  
16 this Article for a continuous period of 2 years or more as  
17 of the date of application;

18 (2) be a member of this Fund who, on or after May 1,  
19 2005, is (i) in active payroll status as a teacher, or (ii)  
20 on layoff status from such a position with a right of  
21 re-employment or recall to service, or (iii) on leave of  
22 absence from such a position, but only if the member on  
23 leave has not been receiving a disability benefit under  
24 this Article for a continuous period of 2 years or more as  
25 of the date of application;

26 (3) have not previously received a retirement pension  
27 under this Article;

28 (4) file with the Board and the Board of Education,  
29 before March 1, 2006, a written application requesting the  
30 benefits provided in this Section and a notice of  
31 resignation from employment, which resignation must take  
32 effect no earlier than February 1, 2006 and no later than

1 June 30, 2006, unless the applicant's retirement is delayed  
2 under subsection (e) or (f) of this Section;

3 (5) be eligible to receive a retirement pension under  
4 this Article (for which purpose any age enhancement or  
5 creditable service received under this Section may be used)  
6 and elect to receive the retirement pension beginning no  
7 earlier than February 1, 2006 and no later than June 30,  
8 2006 or the date established under subsection (e) or (f) of  
9 this Section, if applicable;

10 (6) have attained age 50 (without the use of any age  
11 enhancement or creditable service received under this  
12 Section) by the effective date of the retirement pension;

13 (7) have at least 5 years of creditable service under  
14 this Fund or any of the participating systems under the  
15 Retirement Systems Reciprocal Act (without the use of any  
16 creditable service received under this Section) by the  
17 effective date of the retirement pension.

18 (b) An eligible person may establish up to 5 years of  
19 creditable service under this Section. In addition, for each  
20 period of creditable service established under this Section, a  
21 person's age at retirement shall be deemed to be increased by  
22 an equal period.

23 The creditable service established under this Section may  
24 be used for all purposes under this Article and the Retirement  
25 Systems Reciprocal Act, except for the purposes of Section  
26 17-116.1, and the determination of average salary or  
27 compensation under this or any other Article of this Code.

28 The age enhancement established under this Section may be  
29 used for all purposes under this Article (including calculation  
30 of a proportionate pension payable by this Fund under the  
31 Retirement Systems Reciprocal Act), except for purposes of the  
32 reversionary pension under Section 17-120, and distributions  
33 required by federal law on account of age. However, age  
34 enhancement established under this Section shall not be used in  
35 determining benefits payable under other Articles of this Code  
36 under the Retirement Systems Reciprocal Act.

1       (c) For all creditable service established under this  
2 Section, the employer must pay to the Fund an employer  
3 contribution consisting of 12% of the member's highest annual  
4 full-time rate of compensation for each year of creditable  
5 service granted under this Section.

6       The employer contribution shall be paid to the Fund in one  
7 of the following ways: (i) in a single sum at the time of the  
8 member's retirement, (ii) in equal quarterly installments over  
9 a period of 5 years from the date of retirement, or (iii)  
10 subject to the approval of the Board of the Fund, in unequal  
11 installments over a period of no more than 5 years from the  
12 date of retirement, as provided in a payment plan designed by  
13 the Fund to accommodate the needs of the employer. The  
14 employer's failure to make the required contributions in a  
15 timely manner shall not affect the payment of the retirement  
16 pension.

17       For all creditable service established under this Section,  
18 the employee must pay to the Fund an employee contribution  
19 consisting of 4% of the member's highest annual salary rate  
20 used in the determination of the retirement pension for each  
21 year of creditable service granted under this Section. The  
22 employee contribution shall be deducted from the retirement  
23 annuity in 24 monthly installments.

24       (d) An annuitant who has received any age enhancement or  
25 creditable service under this Section and whose pension is  
26 suspended or cancelled under Section 17-149 or 17-150 shall  
27 thereby forfeit the age enhancement and creditable service. The  
28 forfeiture of creditable service under this subsection shall  
29 not entitle the employer to a refund of the employer  
30 contribution paid under this Section, nor to forgiveness of any  
31 part of that contribution that remains unpaid. The forfeiture  
32 of creditable service under this subsection shall not entitle  
33 the employee to a refund of the employee contribution paid  
34 under this Section.

35       (e) If the number of employees of an employer that apply  
36 for early retirement under this Section exceeds 30% of those

1 eligible, the employer may require that, for any or all of the  
2 number of applicants in excess of that 30%, the starting date  
3 of the retirement pension enhanced under this Section be no  
4 earlier than June 1, 2006 and no later than September 1, 2006.  
5 The right to have the retirement pension begin before June 1,  
6 2006 shall be allocated among the applicants on the basis of  
7 seniority in the service of that employer. This delay applies  
8 only to persons who are applying for early retirement  
9 incentives under this Section, and does not prevent a person  
10 whose application for early retirement incentives has been  
11 withdrawn from beginning to receive a retirement pension on the  
12 earliest date upon which the person is otherwise eligible under  
13 this Article.

14 (f) For a member who receives notice that he or she has  
15 been declared a reserve teacher pursuant to a collective  
16 bargaining agreement after January 15, 2006, but before  
17 September 15, 2006: (1) the March 1, 2006 application deadline  
18 in subdivision (a)(4) of this Section is extended to a date 15  
19 days after the date of notification of the reserve teacher  
20 declaration, (2) the June 30, 2006 deadline in subdivision  
21 (a)(5) of this Section is extended to October 1, 2006, and (3)  
22 the member shall not be included in the calculation of the 30%  
23 under subsection (e) and is not subject to delay in retirement  
24 under that subsection.

25 (g) A member who receives any early retirement incentive  
26 under Section 17-116.3, 17-116.4, 17-116.5, 17-116.6, or  
27 17-116.8 may not receive any early retirement incentive under  
28 this Section.

29 (40 ILCS 5/17-116.8 new)

30 Sec. 17-116.8. Early retirement incentives.

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

33 (1) be a member of this Fund who, on November 1, 2006,  
34 is (i) in active payroll status as a teacher, or (ii) on  
35 layoff status from such a position with a right of

1 re-employment or recall to service, or (iii) on leave of  
2 absence from such a position, but only if the member on  
3 leave has not been receiving a disability benefit under  
4 this Article for a continuous period of 2 years or more as  
5 of the date of application;

6 (2) be a member of this Fund who, on or after May 1,  
7 2006, is (i) in active payroll status as a teacher, or (ii)  
8 on layoff status from such a position with a right of  
9 re-employment or recall to service, or (iii) on leave of  
10 absence from such a position, but only if the member on  
11 leave has not been receiving a disability benefit under  
12 this Article for a continuous period of 2 years or more as  
13 of the date of application;

14 (3) have not previously received a retirement pension  
15 under this Article;

16 (4) file with the Board and the Board of Education,  
17 before March 1, 2007, a written application requesting the  
18 benefits provided in this Section and a notice of  
19 resignation from employment, which resignation must take  
20 effect no earlier than February 1, 2007 and no later than  
21 June 30, 2007, unless the applicant's retirement is delayed  
22 under subsection (e) or (f) of this Section;

23 (5) be eligible to receive a retirement pension under  
24 this Article (for which purpose any age enhancement or  
25 creditable service received under this Section may be used)  
26 and elect to receive the retirement pension beginning no  
27 earlier than February 1, 2007 and no later than June 30,  
28 2007 or the date established under subsection (e) or (f) of  
29 this Section, if applicable;

30 (6) have attained age 50 (without the use of any age  
31 enhancement or creditable service received under this  
32 Section) by the effective date of the retirement pension;

33 (7) have at least 5 years of creditable service under  
34 this Fund or any of the participating systems under the  
35 Retirement Systems Reciprocal Act (without the use of any  
36 creditable service received under this Section) by the

1 effective date of the retirement pension.

2 (b) An eligible person may establish up to 5 years of  
3 creditable service under this Section. In addition, for each  
4 period of creditable service established under this Section, a  
5 person's age at retirement shall be deemed to be increased by  
6 an equal period.

7 (c) For all creditable service established under this  
8 Section, the employer must pay to the Fund an employer  
9 contribution consisting of 12% of the member's highest annual  
10 full-time rate of compensation for each year of creditable  
11 service granted under this Section.

12 The employer contribution shall be paid to the Fund in one  
13 of the following ways: (i) in a single sum at the time of the  
14 member's retirement, (ii) in equal quarterly installments over  
15 a period of 5 years from the date of retirement, or (iii)  
16 subject to the approval of the Board of the Fund, in unequal  
17 installments over a period of no more than 5 years from the  
18 date of retirement, as provided in a payment plan designed by  
19 the Fund to accommodate the needs of the employer. The  
20 employer's failure to make the required contributions in a  
21 timely manner shall not affect the payment of the retirement  
22 pension.

23 For all creditable service established under this Section,  
24 the employee must pay to the Fund an employee contribution  
25 consisting of 4% of the member's highest annual salary rate  
26 used in the determination of the retirement pension for each  
27 year of creditable service granted under this Section. The  
28 employee contribution shall be deducted from the retirement  
29 annuity in 24 monthly installments.

30 (d) An annuitant who has received any age enhancement or  
31 creditable service under this Section and whose pension is  
32 suspended or cancelled under Section 17-149 or 17-150 shall  
33 thereby forfeit the age enhancement and creditable service. The  
34 forfeiture of creditable service under this subsection shall  
35 not entitle the employer to a refund of the employer  
36 contribution paid under this Section, nor to forgiveness of any

1 part of that contribution that remains unpaid. The forfeiture  
2 of creditable service under this subsection shall not entitle  
3 the employee to a refund of the employee contribution paid  
4 under this Section.

5 (e) If the number of employees of an employer that apply  
6 for early retirement under this Section exceeds 30% of those  
7 eligible, the employer may require that, for any or all of the  
8 number of applicants in excess of that 30%, the starting date  
9 of the retirement pension enhanced under this Section be no  
10 earlier than June 1, 2007 and no later than September 1, 2007.  
11 The right to have the retirement pension begin before June 1,  
12 2007 shall be allocated among the applicants on the basis of  
13 seniority in the service of that employer. This delay applies  
14 only to persons who are applying for early retirement  
15 incentives under this Section, and does not prevent a person  
16 whose application for early retirement incentives has been  
17 withdrawn from beginning to receive a retirement pension on the  
18 earliest date upon which the person is otherwise eligible under  
19 this Article.

20 (f) For a member who receives notice that he or she has  
21 been declared a reserve teacher pursuant to a collective  
22 bargaining agreement after January 15, 2007, but before  
23 September 15, 2007: (1) the March 1, 2007 application deadline  
24 in subdivision (a)(4) of this Section is extended to a date 15  
25 days after the date of notification of the reserve teacher  
26 declaration, (2) the June 30, 2007 deadline in subdivision  
27 (a)(5) of this Section is extended to October 1, 2007, and (3)  
28 the member shall not be included in the calculation of the 30%  
29 under subsection (e) and is not subject to delay in retirement  
30 under that subsection.

31 (g) A member who receives any early retirement incentive  
32 under Section 17-116.3, 17-116.4, 17-116.5, 17-116.6, or  
33 17-116.7 may not receive any early retirement incentive under  
34 this Section.

35 Section 90. The State Mandates Act is amended by adding



1 Section 8.29 as follows:

2 (30 ILCS 805/8.29 new)

3 Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8  
4 of this Act, no reimbursement by the State is required for the  
5 implementation of any mandate created by this amendatory Act of  
6 the 94th General Assembly.

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