



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB4692

Introduced 1/12/2006, by Rep. Calvin L. Giles

SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-116.7 new
40 ILCS 5/17-116.8 new
30 ILCS 805/8.30 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, 2007 and on or before June 30, 2007 or on or after February 1, 2008 and on or before June 30, 2008. 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 16354 AMC 51605 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, 2006,
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 2006, 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, 2007, 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, 2007 and no later than

1 June 30, 2007, 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, 2007 and no later than June 30,
8 2007 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, 2007 and no later than September 1, 2007.
5 The right to have the retirement pension begin before June 1,
6 2007 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, 2007, but before
17 September 15, 2007: (1) the March 1, 2007 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, 2007 deadline in subdivision
21 (a)(5) of this Section is extended to October 1, 2007, 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, 2007,
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 2007, 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, 2008, 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, 2008 and no later than
21 June 30, 2008, 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, 2008 and no later than June 30,
28 2008 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, 2008 and no later than September 1, 2008.
11 The right to have the retirement pension begin before June 1,
12 2008 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, 2008, but before
23 September 15, 2008: (1) the March 1, 2008 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, 2008 deadline in subdivision
27 (a)(5) of this Section is extended to October 1, 2008, 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 8.30 as follows:

2 (30 ILCS 805/8.30 new)

3 Sec. 8.30. 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.