



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB0604

Introduced 2/5/2007, by Rep. Angelo Saviano

SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-116	from Ch. 108 1/2, par. 17-116
40 ILCS 5/17-119	from Ch. 108 1/2, par. 17-119
30 ILCS 805/8.31 new	

Amends the Chicago Teacher Article of the Illinois Pension Code. Establishes a minimum retirement pension of \$1,500 per month for teachers with at least 20 years of service credit in the Fund. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB095 04404 AMC 24449 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 Sections 17-116 and 17-119 as follows:

6 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

7 Sec. 17-116. Service retirement pension.

8 (a) Each teacher having 20 years of service upon attainment
9 of age 55, or who thereafter attains age 55 shall be entitled
10 to a service retirement pension upon or after attainment of age
11 55; and each teacher in service on or after July 1, 1971, with
12 5 or more but less than 20 years of service shall be entitled
13 to receive a service retirement pension upon or after
14 attainment of age 62.

15 (b) The service retirement pension for a teacher who
16 retires on or after June 25, 1971, at age 60 or over, shall be
17 calculated as follows:

18 (1) For creditable service earned before July 1, 1998
19 that has not been augmented under Section 17-119.1: 1.67%
20 for each of the first 10 years of service; 1.90% for each
21 of the next 10 years of service; 2.10% for each year of
22 service in excess of 20 but not exceeding 30; and 2.30% for
23 each year of service in excess of 30, based upon average

1 salary as herein defined.

2 (2) For creditable service earned on or after July 1,
3 1998 by a member who has at least 30 years of creditable
4 service on July 1, 1998 and who does not elect to augment
5 service under Section 17-119.1: 2.3% of average salary for
6 each year of creditable service earned on or after July 1,
7 1998.

8 (3) For all other creditable service: 2.2% of average
9 salary for each year of creditable service.

10 (c) When computing such service retirement pensions, the
11 following conditions shall apply:

12 1. Average salary shall consist of the average annual
13 rate of salary for the 4 consecutive years of validated
14 service within the last 10 years of service when such
15 average annual rate was highest. In the determination of
16 average salary for retirement allowance purposes, for
17 members who commenced employment after August 31, 1979,
18 that part of the salary for any year shall be excluded
19 which exceeds the annual full-time salary rate for the
20 preceding year by more than 20%. In the case of a member
21 who commenced employment before August 31, 1979 and who
22 receives salary during any year after September 1, 1983
23 which exceeds the annual full time salary rate for the
24 preceding year by more than 20%, an Employer and other
25 employers of eligible contributors as defined in Section
26 17-106 shall pay to the Fund an amount equal to the present

1 value of the additional service retirement pension
2 resulting from such excess salary. The present value of the
3 additional service retirement pension shall be computed by
4 the Board on the basis of actuarial tables adopted by the
5 Board. If a member elects to receive a pension from this
6 Fund provided by Section 20-121, his salary under the State
7 Universities Retirement System and the Teachers'
8 Retirement System of the State of Illinois shall be
9 considered in determining such average salary. Amounts
10 paid after the effective date of this amendatory Act of
11 1991 for unused vacation time earned after that effective
12 date shall not under any circumstances be included in the
13 calculation of average salary or the annual rate of salary
14 for the purposes of this Article.

15 2. Proportionate credit shall be given for validated
16 service of less than one year.

17 3. For retirement at age 60 or over the pension shall
18 be payable at the full rate.

19 4. For separation from service below age 60 to a
20 minimum age of 55, the pension shall be discounted at the
21 rate of 1/2 of one per cent for each month that the age of
22 the contributor is less than 60, but a teacher may elect to
23 defer the effective date of pension in order to eliminate
24 or reduce this discount. This discount shall not be
25 applicable to any participant who has at least 34 years of
26 service or a retirement pension of at least 74.6% of

1 average salary on the date the retirement annuity begins.

2 5. No additional pension shall be granted for service
3 exceeding 45 years. Beginning June 26, 1971 no pension
4 shall exceed the greater of \$1,500 per month or 75% of
5 average salary as herein defined.

6 6. Service retirement pensions shall begin on the
7 effective date of resignation, retirement, the day
8 following the close of the payroll period for which service
9 credit was validated, or the time the person resigning or
10 retiring attains age 55, or on a date elected by the
11 teacher, whichever shall be latest.

12 7. A member who is eligible to receive a retirement
13 pension of at least 74.6% of average salary and will attain
14 age 55 on or before December 31 during the year which
15 commences on July 1 shall be deemed to attain age 55 on the
16 preceding June 1.

17 8. A member retiring after the effective date of this
18 amendatory Act of 1998 shall receive a pension equal to 75%
19 of average salary if the member is qualified to receive a
20 retirement pension equal to at least 74.6% of average
21 salary under this Article or as proportional annuities
22 under Article 20 of this Code.

23 (d) Notwithstanding the other provisions of this Section,
24 the minimum retirement pension payable to a person with at
25 least 20 years of service credit under this Article who begins
26 receiving a retirement pension (other than a reversionary

1 pension) on or after January 1, 2008 shall be \$1,500 per month.

2 (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

3 (40 ILCS 5/17-119) (from Ch. 108 1/2, par. 17-119)

4 Sec. 17-119. Automatic annual increase in pension.

5 (a) Each teacher retiring on or after September 1, 1959, is
6 entitled to the annual increase in pension, defined herein,
7 while he is receiving a pension from the Fund.

8 1. The term "base pension" means a service retirement
9 or disability retirement pension in the amount fixed and
10 payable at the date of retirement of a teacher.

11 2. The annual increase in pension shall be at the rate
12 of 1 1/2% of base pension. This increase shall first occur
13 in January of the year next following the first anniversary
14 of retirement. At such time the Fund shall pay the pro rata
15 part of the increase for the period from the first
16 anniversary date to the date of the first increase in
17 pension. Beginning January 1, 1972, the rate of annual
18 increase in pension shall be 2% of the base pension.
19 Beginning January 1, 1979, the rate of annual increase in
20 pension shall be 3% of the base pension. Beginning January
21 1, 1990, all automatic annual increases payable under this
22 Section shall be calculated as a percentage of the total
23 pension payable at the time of the increase, including all
24 increases previously granted under this Article,
25 notwithstanding Section 17-157.

1 3. An increase in pension shall be granted only if the
2 retired teacher is age 60 or over. If the teacher attains
3 age 60 after retirement, the increase in pension shall
4 begin in January of the year following the 61st birthday.
5 At such time the Fund also shall pay the pro rata part of
6 the increase from the 61st birthday to the date of first
7 increase in pension.

8 (b) In addition to other increases which may be provided by
9 this Section, on January 1, 1981 any teacher who was receiving
10 a retirement pension on or before January 1, 1971 shall have
11 his retirement pension then being paid increased \$1 per month
12 for each year of creditable service. On January 1, 1982, any
13 teacher whose retirement pension began on or before January 1,
14 1977, shall have his retirement pension then being paid
15 increased \$1 per month for each year of creditable service.

16 (c) On January 1, 1987, any teacher whose retirement
17 pension began on or before January 1, 1977, shall have the
18 monthly retirement pension increased by an amount equal to 8¢
19 per year of creditable service times the number of years that
20 have elapsed since the retirement pension began.

21 (d) On January 1, 2008, every pensioner with at least 20
22 years of service credit under this Article who is receiving a
23 retirement pension (other than a reversionary pension) of less
24 than \$1,500 per month shall have the retirement pension
25 increased to \$1,500 on that date, notwithstanding Section
26 17-157. The increase under this subsection shall be included in

1 the calculation of the increases granted on that date or
2 thereafter under subsection (a) of this Section.

3 (Source: P.A. 90-566, eff. 1-2-98.)

4 Section 90. The State Mandates Act is amended by adding
5 Section 8.31 as follows:

6 (30 ILCS 805/8.31 new)

7 Sec. 8.31. Exempt mandate. Notwithstanding Sections 6 and 8
8 of this Act, no reimbursement by the State is required for the
9 implementation of any mandate created by this amendatory Act of
10 the 95th General Assembly.

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.