



## 95TH GENERAL ASSEMBLY

### State of Illinois

### 2007 and 2008

### HB4575

by Rep. Richard T. Bradley

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-116.7 new  
40 ILCS 5/17-116.8 new  
30 ILCS 805/8.32 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, 2009 and on or before June 30, 2009 or on or after February 1, 2010 and on or before June 30, 2010. 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.

LRB095 14907 AMC 40851 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, 2008,  
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 2008, 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

1       this Article for a continuous period of 2 years or more as  
2       of the date of application;

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

5           (4) file with the Board and the Board of Education,  
6       before March 1, 2009, a written application requesting the  
7       benefits provided in this Section and a notice of  
8       resignation from employment, which resignation must take  
9       effect no earlier than February 1, 2009 and no later than  
10       June 30, 2009, unless the applicant's retirement is delayed  
11       under subsection (e) or (f) of this Section;

12           (5) be eligible to receive a retirement pension under  
13       this Article (for which purpose any age enhancement or  
14       creditable service received under this Section may be used)  
15       and elect to receive the retirement pension beginning no  
16       earlier than February 1, 2009 and no later than June 30,  
17       2009 or the date established under subsection (e) or (f) of  
18       this Section, if applicable;

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

22           (7) have at least 5 years of creditable service under  
23       this Fund or any of the participating systems under the  
24       Retirement Systems Reciprocal Act (without the use of any  
25       creditable service received under this Section) by the  
26       effective date of the retirement pension.

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

6       The creditable service established under this Section may  
7 be used for all purposes under this Article and the Retirement  
8 Systems Reciprocal Act, except for the purposes of Section  
9 17-116.1, and the determination of average salary or  
10 compensation under this or any other Article of this Code.

11       The age enhancement established under this Section may be  
12 used for all purposes under this Article (including calculation  
13 of a proportionate pension payable by this Fund under the  
14 Retirement Systems Reciprocal Act), except for purposes of the  
15 reversionary pension under Section 17-120, and distributions  
16 required by federal law on account of age. However, age  
17 enhancement established under this Section shall not be used in  
18 determining benefits payable under other Articles of this Code  
19 under the Retirement Systems Reciprocal Act.

20       (c) For all creditable service established under this  
21 Section, the employer must pay to the Fund an employer  
22 contribution consisting of 12% of the member's highest annual  
23 full-time rate of compensation for each year of creditable  
24 service granted under this Section.

25       The employer contribution shall be paid to the Fund in one  
26 of the following ways: (i) in a single sum at the time of the

1 member's retirement, (ii) in equal quarterly installments over  
2 a period of 5 years from the date of retirement, or (iii)  
3 subject to the approval of the Board of the Fund, in unequal  
4 installments over a period of no more than 5 years from the  
5 date of retirement, as provided in a payment plan designed by  
6 the Fund to accommodate the needs of the employer. The  
7 employer's failure to make the required contributions in a  
8 timely manner shall not affect the payment of the retirement  
9 pension.

10 For all creditable service established under this Section,  
11 the employee must pay to the Fund an employee contribution  
12 consisting of 4% of the member's highest annual salary rate  
13 used in the determination of the retirement pension for each  
14 year of creditable service granted under this Section. The  
15 employee contribution shall be deducted from the retirement  
16 annuity in 24 monthly installments.

17 (d) An annuitant who has received any age enhancement or  
18 creditable service under this Section and whose pension is  
19 suspended or cancelled under Section 17-149 or 17-150 shall  
20 thereby forfeit the age enhancement and creditable service. The  
21 forfeiture of creditable service under this subsection shall  
22 not entitle the employer to a refund of the employer  
23 contribution paid under this Section, nor to forgiveness of any  
24 part of that contribution that remains unpaid. The forfeiture  
25 of creditable service under this subsection shall not entitle  
26 the employee to a refund of the employee contribution paid

1 under this Section.

2 (e) If the number of employees of an employer that apply  
3 for early retirement under this Section exceeds 30% of those  
4 eligible, the employer may require that, for any or all of the  
5 number of applicants in excess of that 30%, the starting date  
6 of the retirement pension enhanced under this Section be no  
7 earlier than June 1, 2009 and no later than September 1, 2009.  
8 The right to have the retirement pension begin before June 1,  
9 2009 shall be allocated among the applicants on the basis of  
10 seniority in the service of that employer. This delay applies  
11 only to persons who are applying for early retirement  
12 incentives under this Section, and does not prevent a person  
13 whose application for early retirement incentives has been  
14 withdrawn from beginning to receive a retirement pension on the  
15 earliest date upon which the person is otherwise eligible under  
16 this Article.

17 (f) For a member who receives notice that he or she has  
18 been declared a reserve teacher pursuant to a collective  
19 bargaining agreement after January 15, 2009, but before  
20 September 15, 2009: (1) the March 1, 2009 application deadline  
21 in subdivision (a) (4) of this Section is extended to a date 15  
22 days after the date of notification of the reserve teacher  
23 declaration, (2) the June 30, 2009 deadline in subdivision  
24 (a) (5) of this Section is extended to October 1, 2009, and (3)  
25 the member shall not be included in the calculation of the 30%  
26 under subsection (e) and is not subject to delay in retirement

1 under that subsection.

2 (g) A member who receives any early retirement incentive  
3 under Section 17-116.3, 17-116.4, 17-116.5, 17-116.6, or  
4 17-116.8 may not receive any early retirement incentive under  
5 this Section.

6 (40 ILCS 5/17-116.8 new)

7 Sec. 17-116.8. 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, 2009,  
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 2009, 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;

1           (3) have not previously received a retirement pension  
2           under this Article;

3           (4) file with the Board and the Board of Education,  
4           before March 1, 2010, a written application requesting the  
5           benefits provided in this Section and a notice of  
6           resignation from employment, which resignation must take  
7           effect no earlier than February 1, 2010 and no later than  
8           June 30, 2010, unless the applicant's retirement is delayed  
9           under subsection (e) or (f) of this Section;

10           (5) be eligible to receive a retirement pension under  
11           this Article (for which purpose any age enhancement or  
12           creditable service received under this Section may be used)  
13           and elect to receive the retirement pension beginning no  
14           earlier than February 1, 2010 and no later than June 30,  
15           2010 or the date established under subsection (e) or (f) of  
16           this Section, if applicable;

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

20           (7) have at least 5 years of creditable service under  
21           this Fund or any of the participating systems under the  
22           Retirement Systems Reciprocal Act (without the use of any  
23           creditable service received under this Section) by the  
24           effective date of the retirement pension.

25           (b) An eligible person may establish up to 5 years of  
26           creditable service under this Section. In addition, for each



1 period of creditable service established under this Section, a  
2 person's age at retirement shall be deemed to be increased by  
3 an equal period.

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

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

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

1       (d) An annuitant who has received any age enhancement or  
2       creditable service under this Section and whose pension is  
3       suspended or cancelled under Section 17-149 or 17-150 shall  
4       thereby forfeit the age enhancement and creditable service. The  
5       forfeiture of creditable service under this subsection shall  
6       not entitle the employer to a refund of the employer  
7       contribution paid under this Section, nor to forgiveness of any  
8       part of that contribution that remains unpaid. The forfeiture  
9       of creditable service under this subsection shall not entitle  
10       the employee to a refund of the employee contribution paid  
11       under this Section.

12       (e) If the number of employees of an employer that apply  
13       for early retirement under this Section exceeds 30% of those  
14       eligible, the employer may require that, for any or all of the  
15       number of applicants in excess of that 30%, the starting date  
16       of the retirement pension enhanced under this Section be no  
17       earlier than June 1, 2010 and no later than September 1, 2010.  
18       The right to have the retirement pension begin before June 1,  
19       2010 shall be allocated among the applicants on the basis of  
20       seniority in the service of that employer. This delay applies  
21       only to persons who are applying for early retirement  
22       incentives under this Section, and does not prevent a person  
23       whose application for early retirement incentives has been  
24       withdrawn from beginning to receive a retirement pension on the  
25       earliest date upon which the person is otherwise eligible under  
26       this Article.

1       (f) For a member who receives notice that he or she has  
2 been declared a reserve teacher pursuant to a collective  
3 bargaining agreement after January 15, 2010, but before  
4 September 15, 2010: (1) the March 1, 2010 application deadline  
5 in subdivision (a) (4) of this Section is extended to a date 15  
6 days after the date of notification of the reserve teacher  
7 declaration, (2) the June 30, 2010 deadline in subdivision  
8 (a) (5) of this Section is extended to October 1, 2010, and (3)  
9 the member shall not be included in the calculation of the 30%  
10 under subsection (e) and is not subject to delay in retirement  
11 under that subsection.

12       (g) A member who receives any early retirement incentive  
13 under Section 17-116.3, 17-116.4, 17-116.5, 17-116.6, or  
14 17-116.7 may not receive any early retirement incentive under  
15 this Section.

16       Section 90. The State Mandates Act is amended by adding  
17 Section 8.32 as follows:

18       (30 ILCS 805/8.32 new)

19       Sec. 8.32. Exempt mandate. Notwithstanding Sections 6 and 8  
20 of this Act, no reimbursement by the State is required for the  
21 implementation of any mandate created by this amendatory Act of  
22 the 95th General Assembly.

23       Section 99. Effective date. This Act takes effect upon  
24 becoming law.