



Sen. David Koehler

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LRB095 05513 AMC 34005 a

1 AMENDMENT TO SENATE BILL 809

2 AMENDMENT NO. _____. Amend Senate Bill 809 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Section 7-141.1 as follows:

6 (40 ILCS 5/7-141.1)

7 Sec. 7-141.1. Early retirement incentive.

8 (a) The General Assembly finds and declares that:

9 (1) Units of local government across the State have
10 been functioning under a financial crisis.

11 (2) This financial crisis is expected to continue.

12 (3) Units of local government must depend on additional
13 sources of revenue and, when those sources are not
14 forthcoming, must establish cost-saving programs.

15 (4) An early retirement incentive designed
16 specifically to target highly-paid senior employees could

1 result in significant annual cost savings.

2 (5) The early retirement incentive should be made
3 available only to those units of local government that
4 determine that an early retirement incentive is in their
5 best interest.

6 (6) A unit of local government adopting a program of
7 early retirement incentives under this Section is
8 encouraged to implement personnel procedures to prohibit,
9 for at least 5 years, the rehiring (whether on payroll or
10 by independent contract) of employees who receive early
11 retirement incentives.

12 (7) A unit of local government adopting a program of
13 early retirement incentives under this Section is also
14 encouraged to replace as few of the participating employees
15 as possible and to hire replacement employees for salaries
16 totaling no more than 80% of the total salaries formerly
17 paid to the employees who participate in the early
18 retirement program.

19 It is the primary purpose of this Section to encourage
20 units of local government that can realize true cost savings,
21 or have determined that an early retirement program is in their
22 best interest, to implement an early retirement program.

23 (b) Until the effective date of this amendatory Act of
24 1997, this Section does not apply to any employer that is a
25 city, village, or incorporated town, nor to the employees of
26 any such employer. Beginning on the effective date of this

1 amendatory Act of 1997, any employer under this Article,
2 including an employer that is a city, village, or incorporated
3 town, may establish an early retirement incentive program for
4 its employees under this Section. The decision of a city,
5 village, or incorporated town to consider or establish an early
6 retirement program is at the sole discretion of that city,
7 village, or incorporated town, and nothing in this amendatory
8 Act of 1997 limits or otherwise diminishes this discretion.
9 Nothing contained in this Section shall be construed to require
10 a city, village, or incorporated town to establish an early
11 retirement program and no city, village, or incorporated town
12 may be compelled to implement such a program.

13 The benefits provided in this Section are available only to
14 members employed by a participating employer that has filed
15 with the Board of the Fund a resolution or ordinance expressly
16 providing for the creation of an early retirement incentive
17 program under this Section for its employees and specifying the
18 effective date of the early retirement incentive program.
19 Subject to the limitation in subsection (h), an employer may
20 adopt a resolution or ordinance providing a program of early
21 retirement incentives under this Section at any time.

22 The resolution or ordinance shall be in substantially the
23 following form:

24 RESOLUTION (ORDINANCE) NO.

25 A RESOLUTION (ORDINANCE) ADOPTING AN EARLY

1 RETIREMENT INCENTIVE PROGRAM FOR EMPLOYEES

2 IN THE ILLINOIS MUNICIPAL RETIREMENT FUND

3 WHEREAS, Section 7-141.1 of the Illinois Pension Code
4 provides that a participating employer may elect to adopt an
5 early retirement incentive program offered by the Illinois
6 Municipal Retirement Fund by adopting a resolution or
7 ordinance; and

8 WHEREAS, The goal of adopting an early retirement program
9 is to realize a substantial savings in personnel costs by
10 offering early retirement incentives to employees who have
11 accumulated many years of service credit; and

12 WHEREAS, Implementation of the early retirement program
13 will provide a budgeting tool to aid in controlling payroll
14 costs; and

15 WHEREAS, The (name of governing body) has determined that
16 the adoption of an early retirement incentive program is in the
17 best interests of the (name of participating employer);
18 therefore be it

19 RESOLVED (ORDAINED) by the (name of governing body) of
20 (name of participating employer) that:

21 (1) The (name of participating employer) does hereby adopt
22 the Illinois Municipal Retirement Fund early retirement
23 incentive program as provided in Section 7-141.1 of the
24 Illinois Pension Code. The early retirement incentive program
25 shall take effect on (date).

26 (2) In order to help achieve a true cost savings, a person

1 who retires under the early retirement incentive program shall
2 lose those incentives if he or she later accepts employment
3 with any IMRF employer in a position for which participation in
4 IMRF is required or is elected by the employee.

5 (3) In order to utilize an early retirement incentive as a
6 budgeting tool, the (name of participating employer) will use
7 its best efforts either to limit the number of employees who
8 replace the employees who retire under the early retirement
9 program or to limit the salaries paid to the employees who
10 replace the employees who retire under the early retirement
11 program.

12 (4) The effective date of each employee's retirement under
13 this early retirement program shall be set by (name of
14 employer) and shall be no earlier than the effective date of
15 the program and no later than one year after that effective
16 date; except that the employee may require that the retirement
17 date set by the employer be no later than the June 30 next
18 occurring after the effective date of the program and no
19 earlier than the date upon which the employee qualifies for
20 retirement.

21 (5) To be eligible for the early retirement incentive under
22 this Section, the employee must have attained age 50 and have
23 at least 20 years of creditable service by his or her
24 retirement date.

25 (6) The (clerk or secretary) shall promptly file a
26 certified copy of this resolution (ordinance) with the Board of

1 Trustees of the Illinois Municipal Retirement Fund.

2 CERTIFICATION

3 I, (name), the (clerk or secretary) of the (name of
4 participating employer) of the County of (name), State of
5 Illinois, do hereby certify that I am the keeper of the books
6 and records of the (name of employer) and that the foregoing is
7 a true and correct copy of a resolution (ordinance) duly
8 adopted by the (governing body) at a meeting duly convened and
9 held on (date).

10 SEAL

11 (Signature of clerk or secretary)

12 (c) To be eligible for the benefits provided under an early
13 retirement incentive program adopted under this Section, a
14 member must:

15 (1) be a participating employee of this Fund who, on
16 the effective date of the program, (i) is in active payroll
17 status as an employee of a participating employer that has
18 filed the required ordinance or resolution with the Board,
19 (ii) is on layoff status from such a position with a right
20 of re-employment or recall to service, (iii) is on a leave
21 of absence from such a position, or (iv) is on disability
22 but has not been receiving benefits under Section 7-146 or
23 7-150 for a period of more than 2 years from the date of
24 application;

25 (2) have never previously received a retirement

1 annuity under this Article or under the Retirement Systems
2 Reciprocal Act using service credit established under this
3 Article;

4 (3) (blank);

5 (4) have at least 20 years of creditable service in the
6 Fund by the date of retirement, without the use of any
7 creditable service established under this Section;

8 (5) have attained age 50 by the date of retirement,
9 without the use of any age enhancement received under this
10 Section; and

11 (6) be eligible to receive a retirement annuity under
12 this Article by the date of retirement, for which purpose
13 the age enhancement and creditable service established
14 under this Section may be considered.

15 (d) The employer shall determine the retirement date for
16 each employee participating in the early retirement program
17 adopted under this Section. The retirement date shall be no
18 earlier than the effective date of the program and no later
19 than one year after that effective date, except that the
20 employee may require that the retirement date set by the
21 employer be no later than the June 30 next occurring after the
22 effective date of the program and no earlier than the date upon
23 which the employee qualifies for retirement. The employer shall
24 give each employee participating in the early retirement
25 program at least 30 days written notice of the employee's
26 designated retirement date, unless the employee waives this

1 notice requirement.

2 (e) 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 shall have his or her age at retirement deemed enhanced
6 by an equivalent period.

7 The creditable service established under this Section may
8 be used for all purposes under this Article and the Retirement
9 Systems Reciprocal Act, except for the computation of final
10 rate of earnings and the determination of earnings, salary, or
11 compensation under this or any other Article of the Code.

12 The age enhancement established under this Section may be
13 used for all purposes under this Article (including calculation
14 of the reduction imposed under subdivision (a)1b(iv) of Section
15 7-142), except for purposes of a reversionary annuity under
16 Section 7-145 and any distributions required because of age.
17 The age enhancement established under this Section may be used
18 in calculating a proportionate annuity payable by this Fund
19 under the Retirement Systems Reciprocal Act, but shall not be
20 used in determining benefits payable under other Articles of
21 this Code under the Retirement Systems Reciprocal Act.

22 (f) For all creditable service established under this
23 Section, the member must pay to the Fund an employee
24 contribution consisting of 4.5% of the member's highest annual
25 salary rate used in the determination of the final rate of
26 earnings for retirement annuity purposes for each year of

1 creditable service granted under this Section. For creditable
2 service established under this Section by a person who is a
3 sheriff's law enforcement employee to be deemed service as a
4 sheriff's law enforcement employee, the employee contribution
5 shall be at the rate of 6.5% of highest annual salary per year
6 of creditable service granted. Contributions for fractions of a
7 year of service shall be prorated. Any amounts that are
8 disregarded in determining the final rate of earnings under
9 subdivision (d) (5) of Section 7-116 (the 125% rule) shall also
10 be disregarded in determining the required contribution under
11 this subsection (f).

12 The employee contribution shall be paid to the Fund as
13 follows: If the member is entitled to a lump sum payment for
14 accumulated vacation, sick leave, or personal leave upon
15 withdrawal from service, the employer shall deduct the employee
16 contribution from that lump sum and pay the deducted amount
17 directly to the Fund. If there is no such lump sum payment or
18 the required employee contribution exceeds the net amount of
19 the lump sum payment, then the remaining amount due, at the
20 option of the employee, may either be paid to the Fund before
21 the annuity commences or deducted from the retirement annuity
22 in 24 equal monthly installments.

23 (g) An annuitant who has received any age enhancement or
24 creditable service under this Section and thereafter accepts
25 employment with or enters into a personal services contract
26 with an employer under this Article thereby forfeits that age

1 enhancement and creditable service; except that beginning on
2 the effective date of this amendatory Act of the 95th General
3 Assembly, this prohibition applies only to (1) employment for
4 which the person is required (or is allowed and has elected) to
5 participate in this Fund and (2) contractual personal services
6 that, if performed as an employee, would require the employee
7 to participate in this Fund ~~except that this restriction does~~
8 ~~not apply to service in an elective office, so long as the~~
9 ~~annuitant does not participate in this Fund with respect to~~
10 ~~that office.~~

11 A person forfeiting early retirement incentives under this
12 subsection (i) must repay to the Fund that portion of the
13 retirement annuity already received which is attributable to
14 the early retirement incentives that are being forfeited, (ii)
15 shall not be eligible to participate in any future early
16 retirement program adopted under this Section, and (iii) is
17 entitled to a refund of the employee contribution paid under
18 subsection (f). The Board shall deduct the required repayment
19 from the refund and may impose a reasonable payment schedule
20 for repaying the amount, if any, by which the required
21 repayment exceeds the refund amount.

22 The change made to this subsection by this amendatory Act
23 of the 95th General Assembly is not limited to persons in
24 service on or after its effective date, but it does not restore
25 eligibility for early retirement benefits to any person who has
26 previously forfeited those benefits due to employment accepted

1 (or a contract entered into) before that effective date.

2 (h) The additional unfunded liability accruing as a result
3 of the adoption of a program of early retirement incentives
4 under this Section by an employer shall be amortized over a
5 period of 10 years beginning on January 1 of the second
6 calendar year following the calendar year in which the latest
7 date for beginning to receive a retirement annuity under the
8 program (as determined by the employer under subsection (d) of
9 this Section) occurs; except that the employer may provide for
10 a shorter amortization period (of no less than 5 years) by
11 adopting an ordinance or resolution specifying the length of
12 the amortization period and submitting a certified copy of the
13 ordinance or resolution to the Fund no later than 6 months
14 after the effective date of the program. An employer, at its
15 discretion, may accelerate payments to the Fund.

16 An employer may provide more than one early retirement
17 incentive program for its employees under this Section.
18 However, an employer that has provided an early retirement
19 incentive program for its employees under this Section may not
20 provide another early retirement incentive program under this
21 Section until the liability arising from the earlier program
22 has been fully paid to the Fund.

23 (Source: P.A. 94-456, eff. 8-4-05.)

24 Section 90. The State Mandates Act is amended by adding
25 Section 8.31 as follows:

1 (30 ILCS 805/8.31 new)

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

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