



Personnel and Pensions Committee

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09500SB1383ham001

LRB095 08206 AMC 53930 a

1 AMENDMENT TO SENATE BILL 1383

2 AMENDMENT NO. _____. Amend Senate Bill 1383 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Section 22-101B as follows:

6 (40 ILCS 5/22-101B)

7 Sec. 22-101B. Health Care Benefits.

8 (a) The Chicago Transit Authority (hereinafter referred to
9 in this Section as the "Authority") shall take all actions
10 lawfully available to it to separate the funding of health care
11 benefits for retirees and their dependents and survivors from
12 the funding for its retirement system. The Authority shall
13 endeavor to achieve this separation as soon as possible, and in
14 any event no later than July 1, 2009.

15 (b) Effective 90 days after the effective date of this
16 amendatory Act of the 95th General Assembly, a Retiree Health

1 Care Trust is established for the purpose of providing health
2 care benefits to eligible retirees and their dependents and
3 survivors in accordance with the terms and conditions set forth
4 in this Section 22-101B. The Retiree Health Care Trust shall be
5 solely responsible for providing health care benefits to
6 eligible retirees and their dependents and survivors upon the
7 exhaustion of the account established by the Retirement Plan
8 for Chicago Transit Authority Employees pursuant to Section
9 401(h) of the Internal Revenue Code, but no earlier than
10 January 1, 2009 and no later than July 1, 2009 ~~by no later than~~
11 ~~July 1, 2009, but no earlier than January 1, 2009.~~

12 (1) The Board of Trustees shall consist of 7 members
13 appointed as follows: (i) 3 trustees shall be appointed by
14 the Chicago Transit Board; (ii) one trustee shall be
15 appointed by an organization representing the highest
16 number of Chicago Transit Authority participants; (iii)
17 one trustee shall be appointed by an organization
18 representing the second-highest number of Chicago Transit
19 Authority participants; (iv) one trustee shall be
20 appointed by the recognized coalition representatives of
21 participants who are not represented by an organization
22 with the highest or second-highest number of Chicago
23 Transit Authority participants; and (v) one trustee shall
24 be selected by the Regional Transportation Authority Board
25 of Directors, and the trustee shall be a professional
26 fiduciary who has experience in the area of collectively

1 bargained retiree health plans. Trustees shall serve until
2 a successor has been appointed and qualified, or until
3 resignation, death, incapacity, or disqualification.

4 Any person appointed as a trustee of the board shall
5 qualify by taking an oath of office that he or she will
6 diligently and honestly administer the affairs of the
7 system, and will not knowingly violate or willfully permit
8 the violation of any of the provisions of law applicable to
9 the Plan, including Sections 1-109, 1-109.1, 1-109.2,
10 1-110, 1-111, 1-114, and 1-115 of Article 1 of the Illinois
11 Pension Code.

12 Each trustee shall cast individual votes, and a
13 majority vote shall be final and binding upon all
14 interested parties, provided that the Board of Trustees may
15 require a supermajority vote with respect to the investment
16 of the assets of the Retiree Health Care Trust, and may set
17 forth that requirement in the trust agreement or by-laws of
18 the Board of Trustees. Each trustee shall have the rights,
19 privileges, authority and obligations as are usual and
20 customary for such fiduciaries.

21 (2) The Board of Trustees shall establish and
22 administer a health care benefit program for eligible
23 retirees and their dependents and survivors. Any ~~The~~ health
24 care benefit program established by the Board of Trustees
25 for eligible retirees and their dependents and survivors
26 effective on or after July 1, 2009 shall not contain any

1 plan which provides for more than 90% coverage for
2 in-network services or 70% coverage for out-of-network
3 services after any deductible has been paid, except that
4 coverage through a health maintenance organization ("HMO")
5 may be provided at 100%.

6 (3) The Retiree Health Care Trust shall be administered
7 by the Board of Trustees according to the following
8 requirements:

9 (i) The Board of Trustees may cause amounts on
10 deposit in the Retiree Health Care Trust to be invested
11 in those investments that are permitted investments
12 for the investment of moneys held under any one or more
13 of the pension or retirement systems of the State, any
14 unit of local government or school district, or any
15 agency or instrumentality thereof. The Board, by a vote
16 of at least two-thirds of the trustees, may transfer
17 investment management to the Illinois State Board of
18 Investment, which is hereby authorized to manage these
19 investments when so requested by the Board of Trustees.

20 (ii) The Board of Trustees shall establish and
21 maintain an appropriate funding reserve level which
22 shall not be less than the amount of incurred and
23 unreported claims plus 12 months of expected claims and
24 administrative expenses.

25 (iii) The Board of Trustees shall make an annual
26 assessment of the funding levels of the Retiree Health

1 Care Trust and shall submit a report to the Auditor
2 General at least 90 days prior to the end of the fiscal
3 year. The report shall provide the following:

4 (A) the actuarial present value of projected
5 benefits expected to be paid to current and future
6 retirees and their dependents and survivors;

7 (B) the actuarial present value of projected
8 contributions and trust income plus assets;

9 (C) the reserve required by subsection
10 (b) (3) (ii); and

11 (D) an assessment of whether the actuarial
12 present value of projected benefits expected to be
13 paid to current and future retirees and their
14 dependents and survivors exceeds or is less than
15 the actuarial present value of projected
16 contributions and trust income plus assets in
17 excess of the reserve required by subsection
18 (b) (3) (ii).

19 If the actuarial present value of projected
20 benefits expected to be paid to current and future
21 retirees and their dependents and survivors exceeds
22 the actuarial present value of projected contributions
23 and trust income plus assets in excess of the reserve
24 required by subsection (b) (3) (ii), then the report
25 shall provide a plan, to be implemented over a period
26 of not more than 10 years from each valuation date,

1 which would make the actuarial present value of
2 projected contributions and trust income plus assets
3 equal to or exceed the actuarial present value of
4 projected benefits expected to be paid to current and
5 future retirees and their dependents and survivors.

6 The plan may consist of increases in employee, retiree,
7 dependent, or survivor contribution levels, decreases
8 in benefit levels, or other plan changes or any
9 combination thereof ~~both, which is projected to cure~~
10 ~~the shortfall over a period of not more than 10 years.~~

11 If the actuarial present value of projected benefits
12 expected to be paid to current and future retirees and
13 their dependents and survivors is less than the
14 actuarial present value of projected contributions and
15 trust income plus assets in excess of the reserve
16 required by subsection (b) (3) (ii), then the report may
17 provide a plan of decreases in employee, retiree,
18 dependent, or survivor contribution levels, increases
19 in benefit levels, or other plan changes, or any
20 combination thereof ~~both~~, to the extent of the surplus.

21 (iv) The Auditor General shall review the report
22 and plan provided in subsection (b) (3) (iii) and issue a
23 determination within 90 days after receiving the
24 report and plan, with a copy of such determination
25 provided to the General Assembly and the Regional
26 Transportation Authority, as follows:

1 (A) In the event of a projected shortfall, if
2 the Auditor General determines that the
3 assumptions stated in the report are not
4 unreasonable in the aggregate and that the plan of
5 increases in employee, retiree, dependent, or
6 survivor contribution levels, decreases in benefit
7 levels, or other plan changes, or any combination
8 thereof, to be implemented over a period of not
9 more than 10 years from each valuation date both,
10 is reasonably projected to make the actuarial
11 present value of projected contributions and trust
12 income plus assets equal to or in excess of the
13 actuarial present value of projected benefits
14 expected to be paid to current and future retirees
15 and their dependents and survivors ~~and cure the~~
16 ~~shortfall over a period of not more than 10 years,~~
17 then the Board of Trustees shall implement the
18 plan. If the Auditor General determines that the
19 assumptions stated in the report are unreasonable
20 in the aggregate, or that the plan of increases in
21 employee, retiree, dependent, or survivor
22 contribution levels, decreases in benefit levels,
23 or other plan changes to be implemented over a
24 period of not more than 10 years from each
25 valuation date both, is not reasonably projected
26 to make the actuarial present value of projected

1 contributions and trust income plus assets equal
2 to or in excess of the actuarial present value of
3 projected benefits expected to be paid to current
4 and future retirees and their dependents and
5 survivors ~~cure the shortfall over a period of not~~
6 ~~more than 10 years,~~ then the Board of Trustees
7 shall not implement the plan, the Auditor General
8 shall explain the basis for such determination to
9 the Board of Trustees, and the Auditor General may
10 make recommendations as to an alternative report
11 and plan.

12 (B) In the event of a projected surplus, if the
13 Auditor General determines that the assumptions
14 stated in the report are not unreasonable in the
15 aggregate and that the plan of decreases in
16 employee, retiree, dependent, or survivor
17 contribution levels, increases in benefit levels,
18 or both, is not unreasonable in the aggregate, then
19 the Board of Trustees shall implement the plan. If
20 the Auditor General determines that the
21 assumptions stated in the report are unreasonable
22 in the aggregate, or that the plan of decreases in
23 employee, retiree, dependent, or survivor
24 contribution levels, increases in benefit levels,
25 or both, is unreasonable in the aggregate, then the
26 Board of Trustees shall not implement the plan, the

1 Auditor General shall explain the basis for such
2 determination to the Board of Trustees, and the
3 Auditor General may make recommendations as to an
4 alternative report and plan.

5 (C) The Board of Trustees shall submit an
6 alternative report and plan within 45 days after
7 receiving a rejection determination by the Auditor
8 General. A determination by the Auditor General on
9 any alternative report and plan submitted by the
10 Board of Trustees shall be made within 90 days
11 after receiving the alternative report and plan,
12 and shall be accepted or rejected according to the
13 requirements of this subsection (b)(3)(iv). The
14 Board of Trustees shall continue to submit
15 alternative reports and plans to the Auditor
16 General, as necessary, until a favorable
17 determination is made by the Auditor General.

18 (4) For any retiree who first retires effective on or
19 after January 18, 2008, to be eligible for retiree health
20 care benefits upon retirement, the retiree must be at least
21 55 years of age, retire with 10 or more years of continuous
22 service and satisfy the preconditions established by
23 Public Act 95-708 in addition to any rules or regulations
24 promulgated by the Board of Trustees. Notwithstanding the
25 foregoing, any retiree hired on or before September 5, 2001
26 who retires ~~retired prior to the effective date of this~~

1 ~~amendatory Act with 25 years or more of continuous service,~~
2 ~~or who retires within 90 days after the effective date of~~
3 ~~this amendatory Act or by January 1, 2009, whichever is~~
4 ~~later,~~ with 25 years or more of continuous service, shall
5 be eligible for retiree health care benefits upon
6 retirement in accordance with any rules or regulations
7 adopted by the Board of Trustees. This paragraph (4) shall
8 not apply to a disability allowance.

9 (5) Effective January 1, 2009, the aggregate amount of
10 retiree, dependent and survivor contributions to the cost
11 of their health care benefits shall not exceed more than
12 45% of the total cost of such benefits. The Board of
13 Trustees shall have the discretion to provide different
14 contribution levels for retirees, dependents and survivors
15 based on their years of service, level of coverage or
16 Medicare eligibility, provided that the total contribution
17 from all retirees, dependents, and survivors shall be not
18 more than 45% of the total cost of such benefits. The term
19 "total cost of such benefits" for purposes of this
20 subsection shall be the total amount expended by the
21 retiree health benefit program in the prior plan year, as
22 calculated and certified in writing by the Retiree Health
23 Care Trust's enrolled actuary to be appointed and paid for
24 by the Board of Trustees.

25 (6) Effective January 18, 2008, all employees of the
26 Authority shall contribute to the Retiree Health Care Trust

1 in an amount not less than 3% of compensation. The Board of
2 Trustees may adopt rules and regulations providing for the
3 refund of the total contributions made by employees who are
4 not eligible for retiree health care benefits or who elect
5 to waive retiree health care benefits.

6 (7) No earlier than January 1, 2009 and no later than
7 July 1, 2009 as the Retiree Health Care Trust becomes
8 solely responsible for providing health care benefits to
9 eligible retirees and their dependents and survivors in
10 accordance with subsection (b) of this Section 22-101B, the
11 Authority shall not have any obligation to provide health
12 care to current or future retirees and their dependents or
13 survivors. Employees, retirees, dependents, and survivors
14 who are required to make contributions to the Retiree
15 Health Care Trust shall make contributions at the level set
16 by the Board of Trustees pursuant to the requirements of
17 this Section 22-101B.

18 (Source: P.A. 95-708, eff. 1-18-08; 95-906, eff. 8-26-08.)

19 Section 90. The State Mandates Act is amended by adding
20 Section 8.32 as follows:

21 (30 ILCS 805/8.32 new)

22 Sec. 8.32. Exempt mandate. Notwithstanding Sections 6 and 8
23 of this Act, no reimbursement by the State is required for the
24 implementation of any mandate created by this amendatory Act of

1 the 95th General Assembly.

2 Section 99. Effective date. This Act takes effect upon
3 becoming law.".