



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB1178

Introduced 2/11/2009, by Rep. Michael J. Zalewski

SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-116.7 new
40 ILCS 5/17-116.8 new
30 ILCS 805/8.33 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, 2010 and on or before June 30, 2010 or on or after February 1, 2011 and on or before June 30, 2011. 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.

LRB096 03513 AMC 13538 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

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 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

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, 2010, 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, 2010 and no later than
10 June 30, 2010, 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, 2010 and no later than June 30,
17 2010 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, 2010 and no later than September 1, 2010.
8 The right to have the retirement pension begin before June 1,
9 2010 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, 2010, but before
20 September 15, 2010: (1) the March 1, 2010 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, 2010 deadline in subdivision
24 (a) (5) of this Section is extended to October 1, 2010, 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, 2010,
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 2010, 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, 2011, 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, 2011 and no later than
8 June 30, 2011, 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, 2011 and no later than June 30,
15 2011 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, 2011 and no later than September 1, 2011.
18 The right to have the retirement pension begin before June 1,
19 2011 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, 2011, but before
4 September 15, 2011: (1) the March 1, 2011 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, 2011 deadline in subdivision
8 (a) (5) of this Section is extended to October 1, 2011, 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 8.33 as follows:

18 (30 ILCS 805/8.33 new)

19 Sec. 8.33. 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 96th General Assembly.

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