



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB4233

Introduced 2/27/2009, by Rep. Ron Stephens

SYNOPSIS AS INTRODUCED:

40 ILCS 5/16-127	from Ch. 108 1/2, par. 16-127
40 ILCS 5/16-128	from Ch. 108 1/2, par. 16-128
40 ILCS 5/16-203.1 new	

Amends the Downstate Teacher Article of the Illinois Pension Code. Allows a teacher to establish optional credit for up to 5 years of service as a teacher or administrator employed by a private or parochial school recognized by the Illinois State Board of Education. Requires payment of employee and employer contribution, plus interest. Contains new benefit increase language. Effective immediately.

LRB096 00143 AMC 10144 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning 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 16-127 and 16-128 and adding Section 16-203.1 as
6 follows:

7 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

8 Sec. 16-127. Computation of creditable service.

9 (a) Each member shall receive regular credit for all
10 service as a teacher from the date membership begins, for which
11 satisfactory evidence is supplied and all contributions have
12 been paid.

13 (b) The following periods of service shall earn optional
14 credit and each member shall receive credit for all such
15 service for which satisfactory evidence is supplied and all
16 contributions have been paid as of the date specified:

17 (1) Prior service as a teacher.

18 (2) Service in a capacity essentially similar or
19 equivalent to that of a teacher, in the public common
20 schools in school districts in this State not included
21 within the provisions of this System, or of any other
22 State, territory, dependency or possession of the United
23 States, or in schools operated by or under the auspices of

1 the United States, or under the auspices of any agency or
2 department of any other State, and service during any
3 period of professional speech correction or special
4 education experience for a public agency within this State
5 or any other State, territory, dependency or possession of
6 the United States, and service prior to February 1, 1951 as
7 a recreation worker for the Illinois Department of Public
8 Safety, for a period not exceeding the lesser of 2/5 of the
9 total creditable service of the member or 10 years. The
10 maximum service of 10 years which is allowable under this
11 paragraph shall be reduced by the service credit which is
12 validated by other retirement systems under paragraph (i)
13 of Section 15-113 and paragraph 1 of Section 17-133. Credit
14 granted under this paragraph may not be used in
15 determination of a retirement annuity or disability
16 benefits unless the member has at least 5 years of
17 creditable service earned subsequent to this employment
18 with one or more of the following systems: Teachers'
19 Retirement System of the State of Illinois, State
20 Universities Retirement System, and the Public School
21 Teachers' Pension and Retirement Fund of Chicago. Whenever
22 such service credit exceeds the maximum allowed for all
23 purposes of this Article, the first service rendered in
24 point of time shall be considered. The changes to this
25 subdivision (b)(2) made by Public Act 86-272 shall apply
26 not only to persons who on or after its effective date

1 (August 23, 1989) are in service as a teacher under the
2 System, but also to persons whose status as such a teacher
3 terminated prior to such effective date, whether or not
4 such person is an annuitant on that date.

5 (3) Any periods immediately following teaching
6 service, under this System or under Article 17, (or
7 immediately following service prior to February 1, 1951 as
8 a recreation worker for the Illinois Department of Public
9 Safety) spent in active service with the military forces of
10 the United States; periods spent in educational programs
11 that prepare for return to teaching sponsored by the
12 federal government following such active military service;
13 if a teacher returns to teaching service within one
14 calendar year after discharge or after the completion of
15 the educational program, a further period, not exceeding
16 one calendar year, between time spent in military service
17 or in such educational programs and the return to
18 employment as a teacher under this System; and a period of
19 up to 2 years of active military service not immediately
20 following employment as a teacher.

21 The changes to this Section and Section 16-128 relating
22 to military service made by P.A. 87-794 shall apply not
23 only to persons who on or after its effective date are in
24 service as a teacher under the System, but also to persons
25 whose status as a teacher terminated prior to that date,
26 whether or not the person is an annuitant on that date. In

1 the case of an annuitant who applies for credit allowable
2 under this Section for a period of military service that
3 did not immediately follow employment, and who has made the
4 required contributions for such credit, the annuity shall
5 be recalculated to include the additional service credit,
6 with the increase taking effect on the date the System
7 received written notification of the annuitant's intent to
8 purchase the credit, if payment of all the required
9 contributions is made within 60 days of such notice, or
10 else on the first annuity payment date following the date
11 of payment of the required contributions. In calculating
12 the automatic annual increase for an annuity that has been
13 recalculated under this Section, the increase attributable
14 to the additional service allowable under P.A. 87-794 shall
15 be included in the calculation of automatic annual
16 increases accruing after the effective date of the
17 recalculation.

18 Credit for military service shall be determined as
19 follows: if entry occurs during the months of July, August,
20 or September and the member was a teacher at the end of the
21 immediately preceding school term, credit shall be granted
22 from July 1 of the year in which he or she entered service;
23 if entry occurs during the school term and the teacher was
24 in teaching service at the beginning of the school term,
25 credit shall be granted from July 1 of such year. In all
26 other cases where credit for military service is allowed,

1 credit shall be granted from the date of entry into the
2 service.

3 The total period of military service for which credit
4 is granted shall not exceed 5 years for any member unless
5 the service: (A) is validated before July 1, 1964, and (B)
6 does not extend beyond July 1, 1963. Credit for military
7 service shall be granted under this Section only if not
8 more than 5 years of the military service for which credit
9 is granted under this Section is used by the member to
10 qualify for a military retirement allotment from any branch
11 of the armed forces of the United States. The changes to
12 this subdivision (b) (3) made by Public Act 86-272 shall
13 apply not only to persons who on or after its effective
14 date (August 23, 1989) are in service as a teacher under
15 the System, but also to persons whose status as such a
16 teacher terminated prior to such effective date, whether or
17 not such person is an annuitant on that date.

18 (4) Any periods served as a member of the General
19 Assembly.

20 (5) (i) Any periods for which a teacher, as defined in
21 Section 16-106, is granted a leave of absence, provided he
22 or she returns to teaching service creditable under this
23 System or the State Universities Retirement System
24 following the leave; (ii) periods during which a teacher is
25 involuntarily laid off from teaching, provided he or she
26 returns to teaching following the lay-off; (iii) periods

1 prior to July 1, 1983 during which a teacher ceased covered
2 employment due to pregnancy, provided that the teacher
3 returned to teaching service creditable under this System
4 or the State Universities Retirement System following the
5 pregnancy and submits evidence satisfactory to the Board
6 documenting that the employment ceased due to pregnancy;
7 and (iv) periods prior to July 1, 1983 during which a
8 teacher ceased covered employment for the purpose of
9 adopting an infant under 3 years of age or caring for a
10 newly adopted infant under 3 years of age, provided that
11 the teacher returned to teaching service creditable under
12 this System or the State Universities Retirement System
13 following the adoption and submits evidence satisfactory
14 to the Board documenting that the employment ceased for the
15 purpose of adopting an infant under 3 years of age or
16 caring for a newly adopted infant under 3 years of age.
17 However, total credit under this paragraph (5) may not
18 exceed 3 years.

19 Any qualified member or annuitant may apply for credit
20 under item (iii) or (iv) of this paragraph (5) without
21 regard to whether service was terminated before the
22 effective date of this amendatory Act of 1997. In the case
23 of an annuitant who establishes credit under item (iii) or
24 (iv), the annuity shall be recalculated to include the
25 additional service credit. The increase in annuity shall
26 take effect on the date the System receives written

1 notification of the annuitant's intent to purchase the
2 credit, if the required evidence is submitted and the
3 required contribution paid within 60 days of that
4 notification, otherwise on the first annuity payment date
5 following the System's receipt of the required evidence and
6 contribution. The increase in an annuity recalculated
7 under this provision shall be included in the calculation
8 of automatic annual increases in the annuity accruing after
9 the effective date of the recalculation.

10 Optional credit may be purchased under this subsection
11 (b) (5) for periods during which a teacher has been granted
12 a leave of absence pursuant to Section 24-13 of the School
13 Code. A teacher whose service under this Article terminated
14 prior to the effective date of P.A. 86-1488 shall be
15 eligible to purchase such optional credit. If a teacher who
16 purchases this optional credit is already receiving a
17 retirement annuity under this Article, the annuity shall be
18 recalculated as if the annuitant had applied for the leave
19 of absence credit at the time of retirement. The difference
20 between the entitled annuity and the actual annuity shall
21 be credited to the purchase of the optional credit. The
22 remainder of the purchase cost of the optional credit shall
23 be paid on or before April 1, 1992.

24 The change in this paragraph made by Public Act 86-273
25 shall be applicable to teachers who retire after June 1,
26 1989, as well as to teachers who are in service on that

1 date.

2 (6) Any days of unused and uncompensated accumulated
3 sick leave earned by a teacher. The service credit granted
4 under this paragraph shall be the ratio of the number of
5 unused and uncompensated accumulated sick leave days to 170
6 days, subject to a maximum of 2 years of service credit.
7 Prior to the member's retirement, each former employer
8 shall certify to the System the number of unused and
9 uncompensated accumulated sick leave days credited to the
10 member at the time of termination of service. The period of
11 unused sick leave shall not be considered in determining
12 the effective date of retirement. A member is not required
13 to make contributions in order to obtain service credit for
14 unused sick leave.

15 Credit for sick leave shall, at retirement, be granted
16 by the System for any retiring regional or assistant
17 regional superintendent of schools at the rate of 6 days
18 per year of creditable service or portion thereof
19 established while serving as such superintendent or
20 assistant superintendent.

21 (7) Periods prior to February 1, 1987 served as an
22 employee of the Illinois Mathematics and Science Academy
23 for which credit has not been terminated under Section
24 15-113.9 of this Code.

25 (8) Service as a substitute teacher for work performed
26 prior to July 1, 1990.

1 (9) Service as a part-time teacher for work performed
2 prior to July 1, 1990.

3 (10) Up to 2 years of employment with Southern Illinois
4 University - Carbondale from September 1, 1959 to August
5 31, 1961, or with Governors State University from September
6 1, 1972 to August 31, 1974, for which the teacher has no
7 credit under Article 15. To receive credit under this item
8 (10), a teacher must apply in writing to the Board and pay
9 the required contributions before May 1, 1993 and have at
10 least 12 years of service credit under this Article.

11 (b-1) A member may establish optional credit for up to 5 ~~2~~
12 years of service as a teacher or administrator employed by a
13 private or parochial school recognized by the Illinois State
14 Board of Education, provided that the teacher (i) was certified
15 under the law governing the certification of teachers at the
16 time the service was rendered, (ii) applies in writing within 6
17 months after the effective date of this amendatory Act of the
18 96th General Assembly ~~on or after June 1, 2002 and on or before~~
19 ~~June 1, 2005,~~ (iii) supplies satisfactory evidence of the
20 employment, and (iv) ~~completes at least 10 years of~~
21 ~~contributing service as a teacher as defined in Section 16-106,~~
22 ~~and (v) pays the contribution required in subsection (d-5) of~~
23 ~~Section 16-128. The member may apply for credit under this~~
24 ~~subsection and pay the required contribution before completing~~
25 ~~the 10 years of contributing service required under item (iv),~~
26 ~~but the credit may not be used until the item (iv) contributing~~

1 ~~service requirement has been met.~~

2 (c) The service credits specified in this Section shall be
3 granted only if: (1) such service credits are not used for
4 credit in any other statutory tax-supported public employee
5 retirement system other than the federal Social Security
6 program; and (2) the member makes the required contributions as
7 specified in Section 16-128. Except as provided in subsection
8 (b-1) of this Section, the service credit shall be effective as
9 of the date the required contributions are completed.

10 Any service credits granted under this Section shall
11 terminate upon cessation of membership for any cause.

12 Credit may not be granted under this Section covering any
13 period for which an age retirement or disability retirement
14 allowance has been paid.

15 (Source: P.A. 92-867, eff. 1-3-03.)

16 (40 ILCS 5/16-128) (from Ch. 108 1/2, par. 16-128)

17 Sec. 16-128. Creditable service - required contributions.

18 (a) In order to receive the creditable service specified
19 under subsection (b) of Section 16-127, a member is required to
20 make the following contributions: (i) an amount equal to the
21 contributions which would have been required had such service
22 been rendered as a member under this System; (ii) for military
23 service not immediately following employment and for service
24 established under subdivision (b)(10) of Section 16-127, an
25 amount determined by the Board to be equal to the employer's

1 normal cost of the benefits accrued for such service; and (iii)
2 interest from the date the contributions would have been due
3 (or, in the case of a person establishing credit for military
4 service under subdivision (b) (3) of Section 16-127, the date of
5 first membership in the System, if that date is later) to the
6 date of payment, at the following rate of interest, compounded
7 annually: for periods prior to July 1, 1965, regular interest;
8 from July 1, 1965 to June 30, 1977, 4% per year; on and after
9 July 1, 1977, regular interest.

10 (b) In order to receive creditable service under paragraph
11 (2) of subsection (b) of Section 16-127 for those who were not
12 members on June 30, 1963, the minimum required contribution
13 shall be \$420 per year of service together with interest at 4%
14 per year compounded annually from July 1, preceding the date of
15 membership until June 30, 1977 and at regular interest
16 compounded annually thereafter to the date of payment.

17 (c) In determining the contribution required in order to
18 receive creditable service under paragraph (3) of subsection
19 (b) of Section 16-127, the salary rate for the remainder of the
20 school term in which a member enters military service shall be
21 assumed to be equal to the member's salary rate at the time of
22 entering military service. However, for military service not
23 immediately following employment, the salary rate on the last
24 date as a participating teacher prior to such military service,
25 or on the first date as a participating teacher after such
26 military service, whichever is greater, shall be assumed to be

1 equal to the member's salary rate at the time of entering
2 military service. For each school term thereafter, the member's
3 salary rate shall be assumed to be 5% higher than the salary
4 rate in the previous school term.

5 (d) In determining the contribution required in order to
6 receive creditable service under paragraph (5) of subsection
7 (b) of Section 16-127, a member's salary rate during the period
8 for which credit is being established shall be assumed to be
9 equal to the member's last salary rate immediately preceding
10 that period.

11 (d-5) For each year of service credit to be established
12 under subsection (b-1) of Section 16-127, a member is required
13 to contribute to the System (i) the employee and employer
14 contribution based on the annual salary rate during the first
15 year of full-time employment as a teacher under this Article
16 following the private or parochial school service, plus (ii)
17 interest thereon from the date of first full-time employment as
18 a teacher under this Article following the private or parochial
19 school service to the date of payment, compounded annually, at
20 a rate determined by the Board. (i) 16.5% of the annual salary
21 rate during the first year of full-time employment as a teacher
22 under this Article following the private school service, plus
23 (ii) interest thereon from the date of first full-time
24 employment as a teacher under this Article following the
25 private school service to the date of payment, compounded
26 annually, at the rate of 8.5% per year for periods before the

1 ~~effective date of this amendatory Act of the 92nd General~~
2 ~~Assembly, and for subsequent periods at a rate equal to the~~
3 ~~System's actuarially assumed rate of return on investments.~~

4 (d-10) For service credit established under paragraph (6)
5 of subsection (b) of Section 16-127 for days granted by an
6 employer in excess of the member's normal annual sick leave
7 allotment, the employer is required to pay the normal cost of
8 benefits based upon such service credit. This subsection (d-10)
9 does not apply to sick leave granted to teachers under
10 contracts or collective bargaining agreements entered into,
11 amended, or renewed before June 1, 2005 (the effective date of
12 Public Act 94-4). The employer contributions required under
13 this subsection (d-10) shall be paid in the form of a lump sum
14 within 30 days after receipt of the bill after the teacher
15 begins receiving benefits under this Article.

16 (e) Except for contributions under subsection (d-10), the
17 contributions required under this Section may be made from the
18 date the statement for such creditable service is issued until
19 retirement date. All such required contributions must be made
20 before any retirement annuity is granted.

21 (Source: P.A. 94-4, eff. 6-1-05; 94-1057, eff. 7-31-06.)

22 (40 ILCS 5/16-203.1 new)

23 Sec. 16-203.1. New benefit increases. The General Assembly
24 finds and declares that the amendment to Section 16-127 made by
25 this amendatory Act of the 95th General Assembly that allows a

1 teacher to establish credit for private or parochial school
2 employment constitutes a new benefit increase within the
3 meaning of Section 16-203. The additional funding required
4 under Section 16-203 for this new benefit increase shall be
5 provided by the contributions from the employee required under
6 Section 16-128.

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