



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB2900

by Rep. Elaine Nekritz

SYNOPSIS AS INTRODUCED:

40 ILCS 5/16-133.2

from Ch. 108 1/2, par. 16-133.2

Amends the Downstate Teacher Article of the Illinois Pension Code. Continues the program of early retirement without discount. Increases the required employee and employer contributions to 14.4% and 29.3% of salary, respectively, as recommended by the Commission on Government Forecasting and Accountability. Effective immediately.

LRB098 08472 EFG 38579 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 Section 16-133.2 as follows:

6 (40 ILCS 5/16-133.2) (from Ch. 108 1/2, par. 16-133.2)
7 Sec. 16-133.2. Early retirement without discount.

8 (a) A member retiring after June 1, 1980 and on or before
9 June 30, 2005 (or as provided in subsection (b) of this
10 Section), and applying for a retirement annuity within 6 months
11 of the last day of teaching for which retirement contributions
12 were required, may elect at the time of application for a
13 retirement annuity, to make a one time member contribution to
14 the System and thereby avoid the reduction in the retirement
15 annuity for retirement before age 60 specified in paragraph (B)
16 of Section 16-133. The exercise of the election shall also
17 obligate the last employer to make a one time non-refundable
18 contribution to the System. Substitute teachers wishing to
19 exercise this election must teach 85 or more days in one school
20 term with one employer, who shall be deemed the last employer
21 for purposes of this Section. The last day of teaching with
22 that employer must be within 6 months of the date of
23 application for retirement. All substitute teaching credit

1 applied toward the required 85 days must be earned after June
2 30, 1990.

3 The one time member and employer contributions shall be a
4 percentage of the retiring member's highest annual salary rate
5 used in the determination of the average salary for retirement
6 annuity purposes. However, when determining the one-time
7 member and employer contributions, that part of a member's
8 salary with the same employer which exceeds the annual salary
9 rate for the preceding year by more than 20% shall be excluded.
10 The member contribution shall be at the rate of 7% for the
11 lesser of the following 2 periods: (1) for each year that the
12 member is less than age 60; or (2) for each year that the
13 member's creditable service is less than 35 years. If a member
14 is at least age 55 and has at least 34 years of creditable
15 service, no member or employer contribution for the early
16 retirement option shall be required. The employer contribution
17 shall be at the rate of 20% for each year the member is under
18 age 60.

19 Upon receipt of the application and election, the System
20 shall determine the one time employee and employer
21 contributions required. The member contribution shall be
22 credited to the individual account of the member and the
23 employer contribution shall be credited to the Benefit Trust
24 Reserve. The provisions of this subsection (a) providing for
25 the avoidance of the reduction in retirement annuity shall not
26 be applicable until the member's contribution, if any, has been

1 received by the System; however, the date such contributions
2 are received shall not be considered in determining the
3 effective date of retirement.

4 The number of members working for a single employer who may
5 retire under this subsection or subsection (b) in any year may
6 be limited at the option of the employer to a specified
7 percentage of those eligible, not less than 30%, with the right
8 to participate to be allocated among those applying on the
9 basis of seniority in the service of the employer.

10 (b) The provisions of subsection (a) of this Section shall
11 remain in effect for a member retiring after June 30, 2005 and
12 on or before July 1, 2007, provided that the member satisfies
13 both of the following requirements:

14 (1) the member notified his or her employer of intent
15 to retire under this Article on or before the effective
16 date of this amendatory Act of the 94th General Assembly
17 under the terms of a contract or collective bargaining
18 agreement entered into, amended, or renewed with the
19 employer on or before the effective date of this amendatory
20 Act of the 94th General Assembly; and

21 (2) the effective date of the member's retirement is on
22 or before July 1, 2007.

23 The member's employer must give evidence of the member's
24 notification by providing to the System:

25 (i) a copy of the member's notification to the employer
26 or the record of that notification;

1 (ii) an affidavit signed by the member and the
2 employer, verifying the notification; and

3 (iii) any additional documentation that the System may
4 require.

5 (c) Except as otherwise provided in subsection (b), and
6 subject to the provisions of Section 16-176, a member retiring
7 on or after July 1, 2005, and applying for a retirement annuity
8 within 6 months of the last day of teaching for which
9 retirement contributions were required, may elect at the time
10 of application for a retirement annuity, to make a one-time
11 member contribution to the System and thereby avoid the
12 reduction in the retirement annuity for retirement before age
13 60 specified in paragraph (B) of Section 16-133. The exercise
14 of the election shall also obligate the last employer to make a
15 one-time nonrefundable contribution to the System. Substitute
16 teachers wishing to exercise this election must teach 85 or
17 more days in one school term with one employer, who shall be
18 deemed the last employer for purposes of this Section. The last
19 day of teaching with that employer must be within 6 months of
20 the date of application for retirement. All substitute teaching
21 credit applied toward the required 85 days must be earned after
22 June 30, 1990.

23 The one-time member and employer contributions shall be a
24 percentage of the retiring member's highest annual salary rate
25 used in the determination of the average salary for retirement
26 annuity purposes. However, when determining the one-time

1 member and employer contributions, that part of a member's
2 salary with the same employer which exceeds the annual salary
3 rate for the preceding year by more than 20% shall be excluded.
4 The member contribution shall be at the rate of 11.5% for the
5 lesser of the following 2 periods: (1) for each year that the
6 member is less than age 60; or (2) for each year that the
7 member's creditable service is less than 35 years. The employer
8 contribution shall be at the rate of 23.5% for each year the
9 member is under age 60. However, for eligible members whose
10 last day of teaching for which retirement contributions are
11 required occurs on or after July 1, 2013, the member
12 contribution shall be at the rate of 14.4% and the employer
13 contribution shall be at the rate of 29.3%. This increase
14 reflects the recommended adjustment of the Commission on
15 Government Forecasting and Accountability and is intended to
16 prevent the termination of the program under Section 16-176
17 that would otherwise occur on July 1, 2013.

18 Upon receipt of the application and election, the System
19 shall determine the one-time employee and employer
20 contributions required. The member contribution shall be
21 credited to the individual account of the member and the
22 employer contribution shall be credited to the Benefit Trust
23 Reserve. The avoidance of the reduction in retirement annuity
24 provided under this subsection (c) is not applicable until the
25 member's contribution, if any, has been received by the System;
26 however, the date that contribution is received shall not be

1 considered in determining the effective date of retirement.

2 The number of members working for a single employer who may
3 retire under this subsection (c) in any year may be limited at
4 the option of the employer to a specified percentage of those
5 eligible, not less than 10%, with the right to participate to
6 be allocated among those applying on the basis of seniority in
7 the service of the employer.

8 (Source: P.A. 93-469, eff. 8-8-03; 94-4, eff. 6-1-05.)

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.