



Rep. Elaine Nekritz

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LRB098 08472 JDS 43584 a

1 AMENDMENT TO HOUSE BILL 2900

2 AMENDMENT NO. _____. Amend House Bill 2900 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 16-133.2 and 16-176 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

1 obligate the last employer to make a one time non-refundable
2 contribution to the System. Substitute teachers wishing to
3 exercise this election must teach 85 or more days in one school
4 term with one employer, who shall be deemed the last employer
5 for purposes of this Section. The last day of teaching with
6 that employer must be within 6 months of the date of
7 application for retirement. All substitute teaching credit
8 applied toward the required 85 days must be earned after June
9 30, 1990.

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

26 Upon receipt of the application and election, the System

1 shall determine the one time employee and employer
2 contributions required. The member contribution shall be
3 credited to the individual account of the member and the
4 employer contribution shall be credited to the Benefit Trust
5 Reserve. The provisions of this subsection (a) providing for
6 the avoidance of the reduction in retirement annuity shall not
7 be applicable until the member's contribution, if any, has been
8 received by the System; however, the date such contributions
9 are received shall not be considered in determining the
10 effective date of retirement.

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

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

21 (1) the member notified his or her employer of intent
22 to retire under this Article on or before the effective
23 date of this amendatory Act of the 94th General Assembly
24 under the terms of a contract or collective bargaining
25 agreement entered into, amended, or renewed with the
26 employer on or before the effective date of this amendatory

1 Act of the 94th General Assembly; and

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

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

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

8 (ii) an affidavit signed by the member and the
9 employer, verifying the notification; and

10 (iii) any additional documentation that the System may
11 require.

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

1 months of the date of application for retirement. All
2 substitute teaching credit applied toward the required 85 days
3 must be earned after June 30, 1990.

4 The one-time member and employer contributions shall be a
5 percentage of the retiring member's highest annual salary rate
6 used in the determination of the average salary for retirement
7 annuity purposes. However, when determining the one-time
8 member and employer contributions, that part of a member's
9 salary with the same employer which exceeds the annual salary
10 rate for the preceding year by more than 20% shall be excluded.
11 The member contribution shall be at the rate of 11.5% for the
12 lesser of the following 2 periods: (1) for each year that the
13 member is less than age 60; or (2) for each year that the
14 member's creditable service is less than 35 years. The employer
15 contribution shall be at the rate of 23.5% for each year the
16 member is under age 60.

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

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

7 (d) Notwithstanding any other provision of this Section,
8 beginning July 1, 2013, a member shall be ineligible to elect
9 at the time of application for a retirement annuity, to make a
10 one-time member contribution to the System and thereby avoid
11 the reduction in the retirement annuity for retirement before
12 age 60 specified in paragraph (B) of Section 16-133, unless,
13 prior to July 1, 2013, he or she has notified his or her
14 employer of his or her intent to retire under this Section
15 before that date.

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

17 (40 ILCS 5/16-176) (from Ch. 108 1/2, par. 16-176)

18 Sec. 16-176. To adopt actuarial assumptions. For the 5-year
19 period ending June 30, 1997 and every 5 years thereafter
20 through June 30, 2012, the actuary, as technical advisor, shall
21 make an actuarial investigation into the mortality, service and
22 compensation experience of the members, annuitants, and
23 beneficiaries of the retirement system. Based upon the result
24 of that investigation, the board shall adopt such actuarial
25 assumptions as it deems appropriate.

1 Beginning with the 5-year period ending June 30, 2012 and
2 every 5 years thereafter through June 30, 2012, the actuarial
3 investigation required under this Section shall include the
4 System's experience under the early retirement without
5 discount option established in Section 16-133.2, including
6 consideration of the sufficiency of the member and employer
7 contributions under Section 16-133.2 and the active member
8 contribution under Section 16-152 to adequately fund the early
9 retirement without discount option. The Board shall promptly
10 communicate the results of the actuarial investigation to the
11 Commission on Government Forecasting and Accountability. Based
12 on the actuarial investigation, the Commission on Government
13 Forecasting and Accountability shall, no later than February 1
14 of the next year, recommend to the General Assembly any
15 proportional adjustment in the amounts of the member and
16 employer contributions under Section 16-133.2 that it deems
17 necessary. Except as provided in subsection (d) of Section
18 16-133.2, the ~~If the General Assembly fails to adjust the~~
19 ~~member and employer contributions under Section 16 133.2 in~~
20 ~~response to the Commission's recommendations, then the early~~
21 retirement without discount option under Section 16-133.2 is
22 terminated as of July 1, 2013 ~~and shall cease to be available~~
23 ~~at the end of the fiscal year in which the Commission made its~~
24 ~~recommendation to the General Assembly.~~

25 (Source: P.A. 94-4, eff. 6-1-05.)

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