

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 16-133.2, 16-152, 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
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 on or before June 30, 2013 (or
8 January 1, 2014 in the case of a member who has filed a notice
9 of intent to retire with his or her employer on or before June
10 30, 2013 and attains age 55 during the period July 1, 2013
11 through December 31, 2013), and applying for a retirement
12 annuity within 6 months of the last day of teaching for which
13 retirement contributions were required, and whose last day of
14 teaching is on or before June 30, 2013, may elect at the time
15 of application for a retirement annuity, to make a one-time
16 member contribution to the System and thereby avoid the
17 reduction in the retirement annuity for retirement before age
18 60 specified in paragraph (B) of Section 16-133. The exercise
19 of the election shall also obligate the last employer to make a
20 one-time nonrefundable contribution to the System. Substitute
21 teachers wishing to exercise this election must teach 85 or
22 more days in one school term with one employer, who shall be
23 deemed the last employer for purposes of this Section. The last
24 day of teaching with that employer must be within 6 months of
25 the date of application for retirement. All substitute teaching
26 credit applied toward the required 85 days must be earned after

1 June 30, 1990.

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

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

25 The number of members working for a single employer who may
26 retire under this subsection (c) in any year may be limited at

1 the option of the employer to a specified percentage of those
2 eligible, not less than 10%, with the right to participate to
3 be allocated among those applying on the basis of seniority in
4 the service of the employer.

5 For persons not qualifying for the early retirement without
6 discount option under this subsection (c), the option is
7 extended for 3 years under subsection (d), but subject to the
8 changes in eligibility, conditions, and required contributions
9 provided in that subsection.

10 (d) A member who is not eligible for the early retirement
11 without discount option under subsection (c) may qualify for
12 the early retirement without discount option under this
13 subsection (d) if the member (1) retires on or after July 1,
14 2013 and before July 1, 2016, (2) applies for a retirement
15 annuity within 6 months of the last day of teaching for which
16 retirement contributions were required, and (3) receives a
17 certification of eligibility under this subsection from the
18 member's last employer. 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
24 applied toward the required 85 days must be earned after June
25 30, 1990.

26 A qualifying member may elect at the time of application

1 for a retirement annuity to make a one-time member contribution
2 to the System and thereby avoid the reduction in the retirement
3 annuity for retirement before age 60 specified in paragraph (B)
4 of Section 16-133. The exercise of this election shall also
5 obligate the last employer to make a one-time nonrefundable
6 contribution to the System.

7 The one-time member and employer contributions shall be a
8 percentage of the retiring member's highest annual salary rate
9 used in the determination of the average salary for retirement
10 annuity purposes. However, when determining the one-time
11 member and employer contributions, that part of a member's
12 salary with the same employer which exceeds the annual salary
13 rate for the preceding year by more than 20% shall be excluded.
14 The member contribution shall be at the rate of 14.4% for the
15 lesser of the following 2 periods: (1) for each year that the
16 member is less than age 60; or (2) for each year that the
17 member's creditable service is less than 35 years. The employer
18 contribution shall be at the rate of 29.3% for each year the
19 member is under age 60.

20 Upon receipt of the application, election, and
21 certification of eligibility, the System shall determine the
22 one-time employee and employer contributions required. The
23 member contribution shall be credited to the individual account
24 of the member and the employer contribution shall be credited
25 to the Benefit Trust Reserve. The avoidance of the reduction in
26 retirement annuity provided under this subsection (d) is not

1 applicable until the member's contribution has been received by
2 the System; however, the date that contribution is received
3 shall not be considered in determining the effective date of
4 retirement.

5 Eligibility to retire under this subsection (d) shall
6 require the approval of the member's last employer under this
7 Article, granted in accordance with criteria adopted by that
8 employer with the mutual consent of the bargaining agent of a
9 majority of the members employed by that employer. If the
10 employer grants its approval for a member to retire under this
11 subsection (d), the employer shall submit a certification of
12 eligibility for the member in a manner prescribed by the
13 System.

14 The early retirement without discount option under this
15 subsection (d) terminates on July 1, 2016.

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

17 (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

18 Sec. 16-152. Contributions by members.

19 (a) Each member shall make contributions for membership
20 service to this System as follows:

21 (1) Effective July 1, 1998, contributions of 7.50% of
22 salary towards the cost of the retirement annuity. Such
23 contributions shall be deemed "normal contributions".

24 (2) Effective July 1, 1969, contributions of 1/2 of 1%
25 of salary toward the cost of the automatic annual increase

1 in retirement annuity provided under Section 16-133.1.

2 (3) Effective July 24, 1959, contributions of 1% of
3 salary towards the cost of survivor benefits. Such
4 contributions shall not be credited to the individual
5 account of the member and shall not be subject to refund
6 except as provided under Section 16-143.2.

7 (4) Effective July 1, 2005, contributions of 0.40% of
8 salary toward the cost of the early retirement without
9 discount option provided under Section 16-133.2. This
10 contribution shall cease upon termination of the early
11 retirement without discount option as provided in Section
12 16-133.2 ~~16-176~~.

13 (b) The minimum required contribution for any year of
14 full-time teaching service shall be \$192.

15 (c) Contributions shall not be required of any annuitant
16 receiving a retirement annuity who is given employment as
17 permitted under Section 16-118 or 16-150.1.

18 (d) A person who (i) was a member before July 1, 1998, (ii)
19 retires with more than 34 years of creditable service, and
20 (iii) does not elect to qualify for the augmented rate under
21 Section 16-129.1 shall be entitled, at the time of retirement,
22 to receive a partial refund of contributions made under this
23 Section for service occurring after the later of June 30, 1998
24 or attainment of 34 years of creditable service, in an amount
25 equal to 1.00% of the salary upon which those contributions
26 were based.

1 (e) A member's contributions toward the cost of early
2 retirement without discount made under item (a)(4) of this
3 Section shall not be refunded if the member has elected early
4 retirement without discount under Section 16-133.2 and has
5 begun to receive a retirement annuity under this Article
6 calculated in accordance with that election. Otherwise, a
7 member's contributions toward the cost of early retirement
8 without discount made under item (a)(4) of this Section shall
9 be refunded according to whichever one of the following
10 circumstances occurs first:

11 (1) The contributions shall be refunded to the member,
12 without interest, within 120 days after the member's
13 retirement annuity commences, if the member does not elect
14 early retirement without discount under Section 16-133.2.

15 (2) The contributions shall be included, without
16 interest, in any refund claimed by the member under Section
17 16-151.

18 (3) The contributions shall be refunded to the member's
19 designated beneficiary (or if there is no beneficiary, to
20 the member's estate), without interest, if the member dies
21 without having begun to receive a retirement annuity under
22 this Article.

23 (4) The contributions shall be refunded to the member,
24 without interest, if ~~within 120 days after~~ the early
25 retirement without discount option provided under
26 subsection (d) of Section 16-133.2 is terminated ~~under~~

1 ~~Section 16-176.~~ The System shall provide to the member,
2 within 120 days after the option is terminated, an
3 application for a refund of those contributions.

4 (Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

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

6 Sec. 16-176. To adopt actuarial assumptions. For the 5-year
7 period ending June 30, 1997 and every 5 years thereafter, the
8 actuary, as technical advisor, shall make an actuarial
9 investigation into the mortality, service and compensation
10 experience of the members, annuitants, and beneficiaries of the
11 retirement system. Based upon the result of that investigation,
12 the board shall adopt such actuarial assumptions as it deems
13 appropriate.

14 Beginning with the 5-year period ending June 30, 2012 and
15 every 5 years thereafter through June 30, 2012, the actuarial
16 investigation required under this Section shall include the
17 System's experience under the early retirement without
18 discount option established in Section 16-133.2, including
19 consideration of the sufficiency of the member and employer
20 contributions under Section 16-133.2 and the active member
21 contribution under Section 16-152 to adequately fund the early
22 retirement without discount option. The Board shall promptly
23 communicate the results of the actuarial investigation to the
24 Commission on Government Forecasting and Accountability. Based
25 on the actuarial investigation, the Commission on Government

1 Forecasting and Accountability shall, no later than February 1
2 of the next year, recommend to the General Assembly any
3 proportional adjustment in the amounts of the member and
4 employer contributions under Section 16-133.2 that it deems
5 necessary.

6 ~~The~~ ~~If the General Assembly fails to adjust the member and~~
7 ~~employer contributions under Section 16-133.2 in response to~~
8 ~~the Commission's recommendations, then the~~ early retirement
9 without discount option under subsection (c) of Section
10 16-133.2 is extended as provided in subsection (d) of that
11 Section. The early retirement without discount option under
12 subsection (d) of Section 16-133.2 terminates on July 1, 2016
13 ~~terminated and shall cease to be available at the end of the~~
14 ~~fiscal year in which the Commission made its recommendation to~~
15 ~~the General Assembly.~~

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

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.