



Rep. Elaine Nekritz

**Filed: 5/8/2013**

09800SB1366ham001

LRB098 07062 EFG 45619 a

1 AMENDMENT TO SENATE BILL 1366

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1366 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, 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

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 subsection (b), and  
13 subject to the provisions of Section 16-176, a member retiring  
14 on or after July 1, 2005 and on or before June 30, 2013 (or  
15 January 1, 2014 in the case of a member who has filed a notice  
16 of intent to retire with his or her employer on or before June  
17 30, 2013 and attains age 55 during the period July 1, 2013  
18 through December 31, 2013), and applying for a retirement  
19 annuity within 6 months of the last day of teaching for which  
20 retirement contributions were required, and whose last day of  
21 teaching is on or before June 30, 2013, may elect at the time  
22 of application for a retirement annuity, to make a one-time  
23 member contribution to the System and thereby avoid the  
24 reduction in the retirement annuity for retirement before age  
25 60 specified in paragraph (B) of Section 16-133. The exercise  
26 of the election shall also obligate the last employer to make a

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

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

22 Upon receipt of the application and election, the System  
23 shall determine the one-time employee and employer  
24 contributions required. The member contribution shall be  
25 credited to the individual account of the member and the  
26 employer contribution shall be credited to the Benefit Trust

1 Reserve. The avoidance of the reduction in retirement annuity  
2 provided under this subsection (c) is not applicable until the  
3 member's contribution, if any, has been received by the System;  
4 however, the date that contribution is received shall not be  
5 considered in determining the effective date of retirement.

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

12 For persons not qualifying for the early retirement without  
13 discount option under this subsection (c), the option is  
14 extended for 3 years under subsection (d), but subject to the  
15 changes in eligibility, conditions, and required contributions  
16 provided in that subsection.

17 (d) A member who is not eligible for the early retirement  
18 without discount option under subsection (c) may qualify for  
19 the early retirement without discount option under this  
20 subsection (d) if the member (1) retires on or after July 1,  
21 2013 and before July 1, 2016, (2) applies for a retirement  
22 annuity within 6 months of the last day of teaching for which  
23 retirement contributions were required, and (3) receives a  
24 certification of eligibility under this subsection from the  
25 member's last employer. Substitute teachers wishing to  
26 exercise this election must teach 85 or more days in one school

1 term with one employer, who shall be deemed the last employer  
2 for purposes of this Section. The last day of teaching with  
3 that employer must be within 6 months of the date of  
4 application for retirement. All substitute teaching credit  
5 applied toward the required 85 days must be earned after June  
6 30, 1990.

7 A qualifying member may elect at the time of application  
8 for a retirement annuity to make a one-time member contribution  
9 to the System and thereby avoid the reduction in the retirement  
10 annuity for retirement before age 60 specified in paragraph (B)  
11 of Section 16-133. The exercise of this election shall also  
12 obligate the last employer to make a one-time nonrefundable  
13 contribution to the System.

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

1       Upon receipt of the application, election, and  
2 certification of eligibility, the System shall determine the  
3 one-time employee and employer contributions required. The  
4 member contribution shall be credited to the individual account  
5 of the member and the employer contribution shall be credited  
6 to the Benefit Trust Reserve. The avoidance of the reduction in  
7 retirement annuity provided under this subsection (d) is not  
8 applicable until the member's contribution has been received by  
9 the System; however, the date that contribution is received  
10 shall not be considered in determining the effective date of  
11 retirement.

12       Eligibility to retire under this subsection (d) shall  
13 require the approval of the member's last employer under this  
14 Article, granted in accordance with criteria adopted by that  
15 employer with the mutual consent of the bargaining agent of a  
16 majority of the members employed by that employer. If the  
17 employer grants its approval for a member to retire under this  
18 subsection (d), the employer shall submit a certification of  
19 eligibility for the member in a manner prescribed by the  
20 System.

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

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

24       (40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

25       Sec. 16-152. Contributions by members.



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

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

6 (2) Effective July 1, 1969, contributions of 1/2 of 1%  
7 of salary toward the cost of the automatic annual increase  
8 in retirement annuity provided under Section 16-133.1.

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

14 (4) Effective July 1, 2005, contributions of 0.40% of  
15 salary toward the cost of the early retirement without  
16 discount option provided under Section 16-133.2. This  
17 contribution shall cease upon termination of the early  
18 retirement without discount option as provided in Section  
19 16-133.2 ~~16-176~~.

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

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

25 (d) A person who (i) was a member before July 1, 1998, (ii)  
26 retires with more than 34 years of creditable service, and

1 (iii) does not elect to qualify for the augmented rate under  
2 Section 16-129.1 shall be entitled, at the time of retirement,  
3 to receive a partial refund of contributions made under this  
4 Section for service occurring after the later of June 30, 1998  
5 or attainment of 34 years of creditable service, in an amount  
6 equal to 1.00% of the salary upon which those contributions  
7 were based.

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

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

22 (2) The contributions shall be included, without  
23 interest, in any refund claimed by the member under Section  
24 16-151.

25 (3) The contributions shall be refunded to the member's  
26 designated beneficiary (or if there is no beneficiary, to

1 the member's estate), without interest, if the member dies  
2 without having begun to receive a retirement annuity under  
3 this Article.

4 (4) The contributions shall be refunded to the member,  
5 without interest, if within 120 days after the early  
6 retirement without discount option provided under  
7 subsection (d) of Section 16-133.2 is terminated under  
8 Section 16-176. The System shall provide to the member,  
9 within 120 days after the option is terminated, an  
10 application for a refund of those contributions.

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

12 (40 ILCS 5/16-176) (from Ch. 108 1/2, par. 16-176)

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

21 Beginning with the 5-year period ending June 30, 2012 and  
22 every 5 years thereafter through June 30, 2012, the actuarial  
23 investigation required under this Section shall include the  
24 System's experience under the early retirement without  
25 discount option established in Section 16-133.2, including

1 consideration of the sufficiency of the member and employer  
2 contributions under Section 16-133.2 and the active member  
3 contribution under Section 16-152 to adequately fund the early  
4 retirement without discount option. The Board shall promptly  
5 communicate the results of the actuarial investigation to the  
6 Commission on Government Forecasting and Accountability. Based  
7 on the actuarial investigation, the Commission on Government  
8 Forecasting and Accountability shall, no later than February 1  
9 of the next year, recommend to the General Assembly any  
10 proportional adjustment in the amounts of the member and  
11 employer contributions under Section 16-133.2 that it deems  
12 necessary.

13 ~~The If the General Assembly fails to adjust the member and~~  
14 ~~employer contributions under Section 16 133.2 in response to~~  
15 ~~the Commission's recommendations, then the~~ early retirement  
16 without discount option under subsection (c) of Section  
17 16-133.2 is extended as provided in subsection (d) of that  
18 Section. The early retirement without discount option under  
19 subsection (d) of Section 16-133.2 terminates on July 1, 2016  
20 ~~terminated and shall cease to be available at the end of the~~  
21 ~~fiscal year in which the Commission made its recommendation to~~  
22 ~~the General Assembly.~~

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

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