



Rep. Michael J. Madigan

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LRB098 19649 RPS 62174 a

1 AMENDMENT TO SENATE BILL 2933

2 AMENDMENT NO. _____. Amend Senate Bill 2933 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Section 22-101B as follows:

6 (40 ILCS 5/22-101B)

7 Sec. 22-101B. Health Care Benefits.

8 (a) The Chicago Transit Authority (hereinafter referred to
9 in this Section as the "Authority") shall take all actions
10 lawfully available to it to separate the funding of health care
11 benefits for retirees and their dependents and survivors from
12 the funding for its retirement system. The Authority shall
13 endeavor to achieve this separation as soon as possible, and in
14 any event no later than July 1, 2009.

15 (b) Effective 90 days after the effective date of this
16 amendatory Act of the 95th General Assembly, a Retiree Health

1 Care Trust is established for the purpose of providing health
2 care benefits to eligible retirees and their dependents and
3 survivors in accordance with the terms and conditions set forth
4 in this Section 22-101B. The Retiree Health Care Trust shall be
5 solely responsible for providing health care benefits to
6 eligible retirees and their dependents and survivors upon the
7 exhaustion of the account established by the Retirement Plan
8 for Chicago Transit Authority Employees pursuant to Section
9 401(h) of the Internal Revenue Code of 1986, but no earlier
10 than January 1, 2009 and no later than July 1, 2009.

11 (1) The Board of Trustees shall consist of 7 members
12 appointed as follows: (i) 3 trustees shall be appointed by
13 the Chicago Transit Board; (ii) one trustee shall be
14 appointed by an organization representing the highest
15 number of Chicago Transit Authority participants; (iii)
16 one trustee shall be appointed by an organization
17 representing the second-highest number of Chicago Transit
18 Authority participants; (iv) one trustee shall be
19 appointed by the recognized coalition representatives of
20 participants who are not represented by an organization
21 with the highest or second-highest number of Chicago
22 Transit Authority participants; and (v) one trustee shall
23 be selected by the Regional Transportation Authority Board
24 of Directors, and the trustee shall be a professional
25 fiduciary who has experience in the area of collectively
26 bargained retiree health plans. Trustees shall serve until

1 a successor has been appointed and qualified, or until
2 resignation, death, incapacity, or disqualification.

3 Any person appointed as a trustee of the board shall
4 qualify by taking an oath of office that he or she will
5 diligently and honestly administer the affairs of the
6 system, and will not knowingly violate or willfully permit
7 the violation of any of the provisions of law applicable to
8 the Plan, including Sections 1-109, 1-109.1, 1-109.2,
9 1-110, 1-111, 1-114, and 1-115 of Article 1 of the Illinois
10 Pension Code.

11 Each trustee shall cast individual votes, and a
12 majority vote shall be final and binding upon all
13 interested parties, provided that the Board of Trustees may
14 require a supermajority vote with respect to the investment
15 of the assets of the Retiree Health Care Trust, and may set
16 forth that requirement in the trust agreement or by-laws of
17 the Board of Trustees. Each trustee shall have the rights,
18 privileges, authority and obligations as are usual and
19 customary for such fiduciaries.

20 (2) The Board of Trustees shall establish and
21 administer a health care benefit program for eligible
22 retirees and their dependents and survivors. Any health
23 care benefit program established by the Board of Trustees
24 for eligible retirees and their dependents and survivors
25 effective on or after July 1, 2009 shall not contain any
26 plan which provides for more than 90% coverage for

1 in-network services or 70% coverage for out-of-network
2 services after any deductible has been paid, except that
3 coverage through a health maintenance organization ("HMO")
4 may be provided at 100%.

5 (2.5) The Board of Trustees may also establish and
6 administer a health reimbursement arrangement for retirees
7 and for former employees of the Authority or the Retirement
8 Plan, and their survivors, who have contributed to the
9 Retiree Health Care Trust but do not satisfy the years of
10 service requirement of subdivision (b) (4) and the terms of
11 the retiree health care plan; or for those who do satisfy
12 the requirements of subdivision (b) (4) and the terms of the
13 retiree health care plan but who decline coverage under the
14 plan prior to retirement. Any such health reimbursement
15 arrangement may provide that: the retirees or former
16 employees of the Authority or the Retirement Plan, and
17 their survivors, must have reached age 65 to be eligible to
18 participate in the health reimbursement arrangement;
19 contributions by the retirees or former employees of the
20 Authority or the Retirement Plan to the Retiree Health Care
21 Trust shall be considered assets of the Retiree Health Care
22 Trust only; contributions shall not accrue interest for the
23 benefit of the retiree or former employee of the Authority
24 or the Retirement Plan or survivor; benefits shall be
25 payable in accordance with the Internal Revenue Code of
26 1986; the amounts paid to or on account of the retiree or

1 former employee of the Authority or the Retirement Plan or
2 survivor shall not exceed the total amount which the
3 retiree or former employee of the Authority or the
4 Retirement Plan contributed to the Retiree Health Care
5 Trust; the Retiree Health Care Trust may charge a
6 reasonable administrative fee for processing the benefits.
7 The Board of Trustees of the Retiree Health Care Trust may
8 establish such rules, limitations and requirements as the
9 Board of Trustees deems appropriate.

10 (3) The Retiree Health Care Trust shall be administered
11 by the Board of Trustees according to the following
12 requirements:

13 (i) The Board of Trustees may cause amounts on
14 deposit in the Retiree Health Care Trust to be invested
15 in those investments that are permitted investments
16 for the investment of moneys held under any one or more
17 of the pension or retirement systems of the State, any
18 unit of local government or school district, or any
19 agency or instrumentality thereof. The Board, by a vote
20 of at least two-thirds of the trustees, may transfer
21 investment management to the Illinois State Board of
22 Investment, which is hereby authorized to manage these
23 investments when so requested by the Board of Trustees.

24 (ii) The Board of Trustees shall establish and
25 maintain an appropriate funding reserve level which
26 shall not be less than the amount of incurred and

1 unreported claims plus 12 months of expected claims and
2 administrative expenses.

3 (iii) The Board of Trustees shall make an annual
4 assessment of the funding levels of the Retiree Health
5 Care Trust and shall submit a report to the Auditor
6 General at least 90 days prior to the end of the fiscal
7 year. The report shall provide the following:

8 (A) the actuarial present value of projected
9 benefits expected to be paid to current and future
10 retirees and their dependents and survivors;

11 (B) the actuarial present value of projected
12 contributions and trust income plus assets;

13 (C) the reserve required by subsection
14 (b) (3) (ii); and

15 (D) an assessment of whether the actuarial
16 present value of projected benefits expected to be
17 paid to current and future retirees and their
18 dependents and survivors exceeds or is less than
19 the actuarial present value of projected
20 contributions and trust income plus assets in
21 excess of the reserve required by subsection
22 (b) (3) (ii).

23 If the actuarial present value of projected
24 benefits expected to be paid to current and future
25 retirees and their dependents and survivors exceeds
26 the actuarial present value of projected contributions

1 and trust income plus assets in excess of the reserve
2 required by subsection (b)(3)(ii), then the report
3 shall provide a plan, to be implemented over a period
4 of not more than 10 years from each valuation date,
5 which would make the actuarial present value of
6 projected contributions and trust income plus assets
7 equal to or exceed the actuarial present value of
8 projected benefits expected to be paid to current and
9 future retirees and their dependents and survivors.
10 The plan may consist of increases in employee, retiree,
11 dependent, or survivor contribution levels, decreases
12 in benefit levels, or other plan changes or any
13 combination thereof. If the actuarial present value of
14 projected benefits expected to be paid to current and
15 future retirees and their dependents and survivors is
16 less than the actuarial present value of projected
17 contributions and trust income plus assets in excess of
18 the reserve required by subsection (b)(3)(ii), then
19 the report may provide a plan of decreases in employee,
20 retiree, dependent, or survivor contribution levels,
21 increases in benefit levels, or other plan changes, or
22 any combination thereof, to the extent of the surplus.

23 (iv) The Auditor General shall review the report
24 and plan provided in subsection (b)(3)(iii) and issue a
25 determination within 90 days after receiving the
26 report and plan, with a copy of such determination

1 provided to the General Assembly and the Regional
2 Transportation Authority, as follows:

3 (A) In the event of a projected shortfall, if
4 the Auditor General determines that the
5 assumptions stated in the report are not
6 unreasonable in the aggregate and that the plan of
7 increases in employee, retiree, dependent, or
8 survivor contribution levels, decreases in benefit
9 levels, or other plan changes, or any combination
10 thereof, to be implemented over a period of not
11 more than 10 years from each valuation date, is
12 reasonably projected to make the actuarial present
13 value of projected contributions and trust income
14 plus assets equal to or in excess of the actuarial
15 present value of projected benefits expected to be
16 paid to current and future retirees and their
17 dependents and survivors, then the Board of
18 Trustees shall implement the plan. If the Auditor
19 General determines that the assumptions stated in
20 the report are unreasonable in the aggregate, or
21 that the plan of increases in employee, retiree,
22 dependent, or survivor contribution levels,
23 decreases in benefit levels, or other plan changes
24 to be implemented over a period of not more than 10
25 years from each valuation date, is not reasonably
26 projected to make the actuarial present value of

1 projected contributions and trust income plus
2 assets equal to or in excess of the actuarial
3 present value of projected benefits expected to be
4 paid to current and future retirees and their
5 dependents and survivors, then the Board of
6 Trustees shall not implement the plan, the Auditor
7 General shall explain the basis for such
8 determination to the Board of Trustees, and the
9 Auditor General may make recommendations as to an
10 alternative report and plan.

11 (B) In the event of a projected surplus, if the
12 Auditor General determines that the assumptions
13 stated in the report are not unreasonable in the
14 aggregate and that the plan of decreases in
15 employee, retiree, dependent, or survivor
16 contribution levels, increases in benefit levels,
17 or both, is not unreasonable in the aggregate, then
18 the Board of Trustees shall implement the plan. If
19 the Auditor General determines that the
20 assumptions stated in the report are unreasonable
21 in the aggregate, or that the plan of decreases in
22 employee, retiree, dependent, or survivor
23 contribution levels, increases in benefit levels,
24 or both, is unreasonable in the aggregate, then the
25 Board of Trustees shall not implement the plan, the
26 Auditor General shall explain the basis for such

1 determination to the Board of Trustees, and the
2 Auditor General may make recommendations as to an
3 alternative report and plan.

4 (C) The Board of Trustees shall submit an
5 alternative report and plan within 45 days after
6 receiving a rejection determination by the Auditor
7 General. A determination by the Auditor General on
8 any alternative report and plan submitted by the
9 Board of Trustees shall be made within 90 days
10 after receiving the alternative report and plan,
11 and shall be accepted or rejected according to the
12 requirements of this subsection (b)(3)(iv). The
13 Board of Trustees shall continue to submit
14 alternative reports and plans to the Auditor
15 General, as necessary, until a favorable
16 determination is made by the Auditor General.

17 (4) For any retiree who first retires effective on or
18 after January 18, 2008, to be eligible for retiree health
19 care benefits upon retirement, the retiree must be at least
20 55 years of age, retire with 10 or more years of continuous
21 service and satisfy the preconditions established by
22 Public Act 95-708 in addition to any rules or regulations
23 promulgated by the Board of Trustees. Notwithstanding the
24 foregoing, any retiree hired on or before September 5, 2001
25 who retires with 25 years or more of continuous service
26 shall be eligible for retiree health care benefits upon

1 retirement in accordance with any rules or regulations
2 adopted by the Board of Trustees; provided he or she
3 retires prior to the full execution of the successor
4 collective bargaining agreement to the collective
5 bargaining agreement that became effective January 1, 2007
6 between the Authority and the organizations representing
7 the highest and second-highest number of Chicago Transit
8 Authority participants. This paragraph (4) shall not apply
9 to a disability allowance.

10 (5) Effective January 1, 2009, the aggregate amount of
11 retiree, dependent and survivor contributions to the cost
12 of their health care benefits shall not exceed more than
13 45% of the total cost of such benefits. The Board of
14 Trustees shall have the discretion to provide different
15 contribution levels for retirees, dependents and survivors
16 based on their years of service, level of coverage or
17 Medicare eligibility, provided that the total contribution
18 from all retirees, dependents, and survivors shall be not
19 more than 45% of the total cost of such benefits. The term
20 "total cost of such benefits" for purposes of this
21 subsection shall be the total amount expended by the
22 retiree health benefit program in the prior plan year, as
23 calculated and certified in writing by the Retiree Health
24 Care Trust's enrolled actuary to be appointed and paid for
25 by the Board of Trustees.

26 (6) Effective January 18, 2008, all employees of the

1 Authority shall contribute to the Retiree Health Care Trust
2 in an amount not less than 3% of compensation.

3 (7) No earlier than January 1, 2009 and no later than
4 July 1, 2009 as the Retiree Health Care Trust becomes
5 solely responsible for providing health care benefits to
6 eligible retirees and their dependents and survivors in
7 accordance with subsection (b) of this Section 22-101B, the
8 Authority shall not have any obligation to provide health
9 care to current or future retirees and their dependents or
10 survivors. Employees, retirees, dependents, and survivors
11 who are required to make contributions to the Retiree
12 Health Care Trust shall make contributions at the level set
13 by the Board of Trustees pursuant to the requirements of
14 this Section 22-101B.

15 (Source: P.A. 95-708, eff. 1-18-08; 95-906, eff. 8-26-08;
16 96-1254, eff. 7-23-10.)".