

1 AN ACT in relation to 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 State Finance Act is amended by changing
5 Sections 14a and 15a as follows:

6 (30 ILCS 105/14a) (from Ch. 127, par. 150a)

7 Sec. 14a. Payments for unused benefits; use of sick
8 leave.

9 (a) Upon the death of a State employee, his or her
10 estate is entitled to receive from the appropriation for
11 personal services available for payment of his or her
12 compensation such sum for accrued vacation period, accrued
13 overtime, and accrued qualifying sick leave as would have
14 been paid or allowed to such employee had he or she survived
15 and terminated his or her employment.

16 The State Comptroller shall draw a warrant or warrants
17 against the appropriation, upon receipt of a proper death
18 certificate, payable to decedent's estate, or if no estate is
19 opened, to the person or persons entitled thereto under
20 Section 25-1 of the Probate Act of 1975 upon receipt of the
21 affidavit referred to in that Section, for the sum due.

22 (b) The Department of Central Management Services shall
23 prescribe by rule the method of computing the accrued
24 vacation period and accrued overtime for all employees,
25 including those not otherwise subject to its jurisdiction,
26 and for the purposes of this Act the Department of Central
27 Management Services may require such reports as it deems
28 necessary. Accrued sick leave shall be computed as provided
29 in subsection (f).

30 (c) Upon the retirement or resignation of a State
31 employee from State service, his or her accrued vacation,

1 overtime and qualifying sick leave shall be payable to the
2 employee in a single lump sum payment.

3 A lump sum payment payable under this subsection (c) on
4 or after January 1, 2002 and before March 1, 2003 shall not
5 be combined with or submitted on the same payroll voucher as
6 the employee's last payment of salary and shall be subject to
7 withholding at the following rates: 28% for federal income
8 tax purposes and 3% for Illinois State income tax purposes.

9 A lump sum payment payable under this subsection (c) to a
10 person who terminates State service during June of 2002 may
11 be paid during July or August of 2002 from either a fiscal
12 year 2002 appropriation or a fiscal year 2003 appropriation.

13 However,

14 If the employee returns to employment in any capacity
15 with the same agency or department within 30 days of the
16 termination of his or her previous State employment, the
17 employee must, as a condition of his or her new State
18 employment, repay the lump sum amount within 30 days after
19 his or her new State employment commences. The amount repaid
20 shall be deposited into the fund from which the payment was
21 made or the General Revenue Fund, and the accrued vacation,
22 overtime and sick leave upon which the lump sum payment was
23 based shall be credited to the account of the employee in
24 accordance with the rules of the jurisdiction under which he
25 or she is employed.

26 (d) Upon the movement of a State employee from a
27 position subject to the Personnel Code to another State
28 position not subject to the Personnel Code, or to a position
29 subject to the Personnel Code from a State position not
30 subject to the Personnel Code, or upon the movement of a
31 State employee of an institution or agency subject to the
32 State Universities Civil Service System from one such
33 institution or agency to another such institution or agency,
34 his or her accrued vacation, overtime and sick leave shall be

1 credited to the employee's account in accordance with the
2 rules of the jurisdiction to which the State employee moved.
3 However, if the rules preclude crediting the State employee's
4 total accrued vacation, overtime or sick leave to his or her
5 account at the jurisdiction to which he or she is to move,
6 the nontransferable accrued vacation, overtime, and
7 qualifying sick leave shall be payable to the employee in a
8 single lump sum payment by the jurisdiction from which he or
9 she moved.

10 (e) Upon the death of a State employee or the
11 retirement, indeterminate layoff or resignation of a State
12 employee from State service, the employee's retirement or
13 disability benefits shall be computed as if the employee had
14 remained in the State employment at his or her most recent
15 rate of compensation until his or her accumulated unused
16 leave for vacation, overtime, sickness and personal business
17 would have been exhausted. The employing agency shall
18 certify, in writing to the employee, the unused leaves the
19 employee has accrued. This certification may be held by the
20 employee or forwarded to the retirement fund. Employing
21 agencies not covered by the Personnel Code shall certify, in
22 writing to the employee, the unused leaves the employee has
23 accrued.

24 (f) Accrued sick leave shall be computed by multiplying
25 1/2 of the number of days of accumulated sick leave by the
26 daily rate of compensation applicable to the employee at the
27 time of his or her death, retirement, resignation, or other
28 termination of service described in this Section.

29 The payment for qualifying accrued sick leave after the
30 employee's death, retirement, resignation, or other
31 termination of service provided by Public Act 83-976 shall be
32 for sick leave days earned on or after January 1, 1984 and
33 before January 1, 1998. Sick leave accumulated on or after
34 January 1, 1998 is not compensable under this Section at the

1 time of the employee's death, retirement, resignation, or
2 other termination of service, but may be used to establish
3 retirement system service credit as provided in the Illinois
4 Pension Code.

5 The Department of Central Management Services shall
6 prescribe by rule the method of computing the accrued sick
7 leave days for all employees, including those not otherwise
8 subject to its jurisdiction. Beginning January 1, 1998, sick
9 leave used by an employee shall be charged against his or her
10 accumulated sick leave in the following order: first, sick
11 leave accumulated before January 1, 1984; then sick leave
12 accumulated on or after January 1, 1998; and finally sick
13 leave accumulated on or after January 1, 1984 but before
14 January 1, 1998.

15 (Source: P.A. 90-65, eff. 7-7-97.)

16 (30 ILCS 105/15a) (from Ch. 127, par. 151a)

17 Sec. 15a. Contractual services. The item "contractual
18 services", when used in an appropriation act, means and
19 includes:

20 (a) Expenditures incident to the current conduct
21 and operation of an office, department, board,
22 commission, institution or agency for postage and postal
23 charges, surety bond premiums, publications,
24 subscriptions, office conveniences and services,
25 exclusive of commodities as herein defined;

26 (b) Expenditures for rental of property or
27 equipment, repair or maintenance of property or equipment
28 including related supplies, equipment, materials,
29 services, replacement fixtures and repair parts, utility
30 services, professional or technical services, moving
31 expenses incident to a new State employment, and
32 transportation charges exclusive of "travel" as herein
33 defined;

1 (c) Expenditures for the rental of lodgings in
2 Springfield, Illinois and for the payment of utilities
3 used in connection with such lodgings for all elected
4 State officials, who are required by Section 1, Article V
5 of the Constitution of the State of Illinois to reside at
6 the seat of government during their term of office;

7 (d) Expenditures pursuant to multi-year lease,
8 lease-purchase or installment purchase contracts for
9 duplicating equipment authorized by Section 5.1 of the
10 Illinois Purchasing Act;

11 (e) Expenditures of \$5,000 or less per project for
12 improvements to real property which, except for the
13 operation of this Section, would be classified as
14 "permanent improvements" as defined in Section 21;

15 (f) Expenditures pursuant to multi-year lease,
16 lease-purchase or installment purchase contracts for
17 land, permanent improvements or fixtures.

18 The item "contractual services" does not, however,
19 include any expenditures included in "operation of automotive
20 equipment" as defined in Section 24.2.

21 The item "contractual services" does not include any
22 expenditures for professional, technical, or other services
23 performed for a State agency under a contract executed after
24 July 1 the-effective-date-of-this-amendatory-Act-of 1992 by a
25 person who was formerly employed by that agency and has
26 received any early retirement incentive under Section
27 14-108.3 or 16-133.3 of the Illinois Pension Code based on
28 retirement before 1993, unless the official or employee
29 executing the contract on behalf of the agency has certified
30 that the person performing the services either (i) possesses
31 unique expertise, or (ii) is essential to the operation of
32 the agency. This certification must be filed with the Office
33 of the Auditor General prior to the execution of the
34 contract, and shall be made available by that Office for

1 public inspection and copying. The item "contractual
2 services" does not include any expenditures for professional,
3 technical, or other services performed for a State agency
4 under a contract executed after the effective date of this
5 amendatory Act of the 92nd General Assembly by a person who
6 has received any early retirement incentive under Section
7 14-108.3 or 16-133.3 of the Illinois Pension Code based on
8 retirement in 2001 or later. A contract not payable from the
9 contractual services item because of this paragraph shall not
10 be payable from any other item of appropriation. For the
11 purposes of this paragraph, the term "agency" includes all
12 offices, boards, commissions, departments, agencies, and
13 institutions of State government.

14 (Source: P.A. 91-357, eff. 7-29-99.)

15 Section 10. The Illinois Pension Code is amended by
16 changing Sections 14-108.3 and 16-133.3 as follows:

17 (40 ILCS 5/14-108.3)

18 Sec. 14-108.3. Early retirement incentives.

19 (a) To be eligible for the benefits provided in this
20 Section, a person must:

21 (1) be a member of this System who, on any day
22 during December, 2001, is (i) in active payroll status in
23 a position of employment with a department and terminates
24 that employment before the retirement annuity under this
25 Article begins, or (ii) on layoff status from such a
26 position with a right of re-employment or recall to
27 service, or (iii) receiving benefits under Section
28 14-123, 14-123.1 or 14-124, but only if the member has
29 not been receiving those benefits for a continuous period
30 of more than 2 years as of the date of application;

31 (2) have not previously retired under this Article
32 or Article 2, 15, 16, 17, or 18;

1 (3) file with the Board before June 1, 2002, a
2 written application requesting the benefits provided in
3 this Section;

4 (4) establish eligibility to receive a retirement
5 annuity under this Article (for which purpose any age
6 enhancement or creditable service received under this
7 Section may be used) by the earlier of July 1, 2002 or
8 the date the retirement annuity begins, and elect to
9 receive the retirement annuity beginning no earlier than
10 January 1, 2002 and no later than July 1, 2002 (or the
11 date established under subsection (d) if applicable);

12 (5) have attained age 50 or accumulated 30 or more
13 years of creditable service (without the use of any age
14 enhancement or creditable service received under this
15 Section) by the date of commencement of the annuity; and

16 (6) by the date of commencement of the annuity,
17 have at least 5 years of membership service earned while
18 an employee under this Article, which may include
19 military service for which credit is established under
20 Section 14-105(b), service during the qualifying period
21 for which credit is established under Section 14-104(a),
22 and service for which credit has been established by
23 repaying a refund under Section 14-130, but shall not
24 include service for which any other optional service
25 credit has been established.

26 A person who has established additional creditable
27 service under any other early retirement incentive program
28 under this Code is not eligible to participate in the program
29 of early retirement incentives established under this
30 Section.

31 (b) An eligible person may establish up to 5 years of
32 creditable service under this Article, in increments of one
33 month, by making the contributions specified in subsection
34 (c). In addition, for each month of creditable service

1 established under this Section, a person's age at retirement
2 shall be deemed to be one month older than it actually is.

3 The creditable service established under this Section may
4 be used for all purposes under this Article and the
5 Retirement Systems Reciprocal Act, except for the computation
6 of final average compensation under Section 14-103.12 or the
7 determination of compensation under this or any other Article
8 of this Code.

9 The age enhancement established under this Section may be
10 used for all purposes under this Article (including
11 calculation of a proportionate annuity payable by this System
12 under the Retirement Systems Reciprocal Act), except for
13 purposes of the level income option in Section 14-112, the
14 reversionary annuity under Section 14-113, and the required
15 distributions under Section 14-121.1.

16 The age enhancement established under this Section may be
17 used in determining benefits payable under Article 16 of this
18 Code under the Retirement Systems Reciprocal Act, if the
19 person has at least 5 years of service credit in the Article
20 16 system that was earned while participating in that system
21 as a teacher (as defined in Section 16-106) employed by a
22 department (as defined in Section 14-103.04). Age
23 enhancement established under this Section shall not
24 otherwise be used in determining benefits payable under other
25 Articles of this Code under the Retirement Systems Reciprocal
26 Act.

27 (c) For all creditable service established under this
28 Section, a person must pay to the System an employee
29 contribution to be determined by the System, based on the
30 member's rate of compensation on November 1, 2001 (or the
31 last date before November 1, 2001 for which a rate can be
32 determined) and one-half of the retirement contribution rate
33 in effect on November 1, 2001 for the member (or for members
34 with the same social security and alternative formula status

1 as the member).

2 If the member receives a lump sum payment for accumulated
3 vacation, sick leave and personal leave upon withdrawal from
4 service, and the net amount of that lump sum payment is at
5 least as great as the amount of the contribution required
6 under this Section, the entire contribution must be paid by
7 the employee before the retirement annuity may become
8 payable. If there is no such lump sum payment, or if it is
9 less than the contribution required under this Section, the
10 member may either pay the entire contribution before the
11 retirement annuity becomes payable or instead make an initial
12 payment before the retirement annuity becomes payable, equal
13 to the net amount of the lump sum payment for accumulated
14 vacation, sick leave, and personal leave, and have the
15 remaining amount due deducted from the retirement annuity in
16 24 equal monthly installments beginning in the month in which
17 the retirement annuity takes effect. The required
18 contribution may be paid as a pre-tax deduction from
19 earnings, but only if the required contribution is less than
20 the net amount of the lump sum payment for accumulated
21 vacation, sick leave, and personal leave.

22 (d) In order to ensure that the efficient operation of
23 State government is not jeopardized by the simultaneous
24 retirement of large numbers of key personnel, the director or
25 other head of a department may, for key employees of that
26 department, extend the July 1, 2002 deadline for the
27 effective date of a retirement annuity established in
28 subdivision (a)(4) of this Section to a date not later than
29 January 1, 2003 by so notifying the System in writing before
30 July 1, 2002.

31 (e) Notwithstanding Section 14-111, an annuitant who has
32 received any age enhancement or creditable service under this
33 Section and who reenters service under this Article other
34 than as a temporary employee shall thereby forfeit such age

1 enhancement and creditable service, and become entitled to a
2 refund of the contributions made pursuant to this Section.

3 (f) For the sole purpose of determining eligibility for
4 the automatic annual increase in retirement annuity under
5 Section 14-114, an annuitant who is receiving any early
6 retirement incentive under this Section and whose retirement
7 annuity begins on or before July 1, 2002 shall be deemed to
8 have retired on January 1, 2002, regardless of the actual
9 date of retirement.

10 (g) The System shall determine the amount of the
11 increase in unfunded accrued liability resulting from the
12 granting of early retirement incentives under this Section
13 and shall report that amount to the Governor and the Pension
14 Laws Commission on or before April 1, 2003. The increase in
15 liability reported under this subsection (g) shall not be
16 included in the calculation of the required State
17 contribution under Section 14-131.

18 (h) The System shall determine the amount of the annual
19 State contribution necessary to amortize on a level
20 dollar-payment basis, over a period of 6 years at 8.5%
21 interest, compounded annually, an amount equal to the
22 increase in unfunded accrued liability determined under
23 subsection (g) minus \$90,000,000. The System shall certify
24 the amount of this annual State contribution to the Governor,
25 the State Comptroller, the Bureau of the Budget, and the
26 Pension Laws Commission on or before April 1, 2003.

27 In addition to the contributions otherwise required under
28 this Article, the State shall appropriate and pay to the
29 System (1) an amount equal to \$90,000,000 in State fiscal
30 year 2003 and (2) in each of State fiscal years 2004 through
31 2009, an amount equal to the annual State contribution
32 certified by the System under this subsection (h).

33 (i) The Pension Laws Commission shall determine and
34 report to the General Assembly, on or before October 1, 2003

1 and annually thereafter through the year 2009, its estimate
2 of (1) the annual amount of payroll savings likely to be
3 realized by the State as a result of the early retirement of
4 persons receiving early retirement incentives under this
5 Section and (2) the net annual savings or cost to the State
6 from the program of early retirement incentives created under
7 this Section.

8 The System, the Department of Central Management
9 Services, the Bureau of the Budget, and all other departments
10 shall provide to the Commission any assistance that the
11 Commission may request with respect to its reports under this
12 Section. The Commission may require departments to provide
13 it with any information that it deems necessary or useful
14 with respect to its reports under this Section, including
15 without limitation information about (1) the final earnings
16 of former department employees who elected to receive
17 benefits under this Section, (2) the earnings of current
18 department employees holding the positions vacated by persons
19 who elected to receive benefits under this Section, and (3)
20 positions vacated by persons who elected to receive benefits
21 under this Section that have not yet been refilled.

22 (j) It is the purpose of this Section to enable the
23 State to realize savings in payroll costs by replacing
24 certain highly-compensated employees with employees who have
25 less seniority and are therefore, on the average, less highly
26 compensated. To this end, in State fiscal year 2004 the
27 General Assembly shall not fund the positions vacated by
28 persons receiving early retirement incentives under this
29 Section at more than 85% of the rate of compensation payable
30 to those persons at the time of their retirement.

31 (k) The changes made to this Section by this amendatory
32 Act of the 92nd General Assembly do not apply to persons who
33 retired under this Section on or before May 1, 1992.

34 (a)--To--be--eligible--for--the--benefits--provided--in--this

1 Section, a person must:

2 (1) be a member of this System who, on any day
3 during May, 1991, is (i) in active payroll status in a
4 position of employment with a department, or (ii) on
5 layoff status from such a position with a right of
6 re-employment or recall to service, or (iii) on leave of
7 absence from such a position, but only if the member on
8 leave has not been receiving benefits under Section
9 14-123, 14-123.1 or 14-124 for a continuous period of 2
10 years or more as of the date of application;

11 (2) have not retired under this Article;

12 (3) file with the Board before December 1, 1991, a
13 written application requesting the benefits provided in
14 this Section;

15 (4) establish eligibility to receive a retirement
16 annuity under this Article (for which purpose any age
17 enhancement or creditable service received under this
18 Section may be used) and elect to receive the retirement
19 annuity beginning not earlier than the first day of the
20 month following the month in which this amendatory Act of
21 1991 takes effect, and not later than January 1, 1992 (or
22 the date established under subsection (e) if applicable);

23 (5) have attained age 50 or accumulated 30 or more
24 years of creditable service (without the use of any age
25 enhancement or creditable service received under this
26 Section) by December 31, 1991.

27 (b) An eligible person may establish up to 5 years of
28 creditable service under this Article, in increments of one
29 month, by making the contributions specified in subsection
30 (c). In addition, for each month of creditable service
31 established under this Section, a person's age at retirement
32 shall be deemed to be one month older than it actually is.

33 The creditable service established under this Section may
34 be used for all purposes under this Article and the

1 Retirement-Systems-Reciprocal-Act, except for the computation
 2 of final average compensation under Section 14-103.12, or the
 3 determination of compensation under this or any other Article
 4 of this Code.

5 The age enhancement established under this Section may be
 6 used for all purposes under this Article (including
 7 calculation of a proportionate annuity payable by this System
 8 under the Retirement-Systems-Reciprocal-Act), except for
 9 purposes of the level income option in Section 14-112, the
 10 reversionary annuity under Section 14-113, and the required
 11 distributions under Section 14-121.1. However, age
 12 enhancement established under this Section shall not be used
 13 in determining benefits payable under other Articles of this
 14 Code under the Retirement-Systems-Reciprocal-Act.

15 (c) For all creditable service established under this
 16 Section, a person must pay to the System an employee
 17 contribution to be determined by the System, based on the
 18 member's final rate of compensation and one-half of the
 19 retirement contribution rate in effect for the member on the
 20 date of withdrawal.

21 If the member receives a lump sum payment for accumulated
 22 vacation, sick leave and personal leave upon withdrawal from
 23 service, and the net amount of that lump sum payment is at
 24 least as great as the amount of the contribution required
 25 under this Section, the entire contribution (or so much of it
 26 as does not exceed the contribution limitations of Section
 27 415 of the Internal Revenue Code of 1986) must be paid by the
 28 employee before the retirement annuity may become payable.
 29 If there is no such lump sum payment, or if it is less than
 30 the contribution required under this Section the member may
 31 either pay the entire contribution before the retirement
 32 annuity becomes payable, or may instead make an initial
 33 payment before the retirement annuity becomes payable, equal
 34 to the net amount of the lump sum payment for accumulated

1 vacation,--sick-leave-and-personal-leave-(or-so-much-of-it-as
2 does-not-exceed-the-contribution-limitations-of--Section--415
3 of-the-Internal-Revenue-Code-of-1986),--and-have-the-remaining
4 amount--due--deducted-from-the-retirement-annuity-in-24-equal
5 monthly-installments-beginning-in-January-of-1992-or--in--the
6 month-in-which-the-retirement-annuity-takes-effect,--whichever
7 is-later.

8 However,--if--the--net-amount-of-the-lump-sum-payment-for
9 accumulated-vacation,--sick-leave-and-personal-leave-equals-or
10 exceeds-the-contribution-required-under-this-Section,--but-the
11 required--contribution--exceeds--an--applicable--contribution
12 limitation-contained-in-Section-415-of-the--Internal--Revenue
13 Code--of--1986,--then-the-amount-of-the-contribution-in-excess
14 of-the-Section-415-limitation-shall-instead-be--paid--by--the
15 annuitant--in--January--of--1992-or-in-the-month-in-which-the
16 retirement-annuity-takes-effect,--whichever-is-later.--If-this
17 additional-amount-is-not-paid--as--required,--the--retirement
18 annuity-shall-be-suspended-until-the-required-contribution-is
19 received.

20 (d)--In--the-event-that-the-age-enhancement-or-creditable
21 service-received-under-this-Section-result-in--a--retirement
22 benefit--that--exceeds--any--applicable--benefit--limitation
23 contained-in-Section-415-of--the--Internal--Revenue--Code--of
24 1986,--the--amount-of-the-retirement-benefit-that-exceeds-the
25 Section-415-limitation-shall-not-be-paid-for--any--period--to
26 which--the-limitation-is-applicable.--If-no-contributions-are
27 otherwise-due-in-1992-and-1993-under-subsection-(c)--from--an
28 annuitant-whose-retirement-benefits-are-subject-to-limitation
29 under-this-subsection,--then-10%--of-the-contribution-otherwise
30 required--under--subsection--(c)--to--be--paid--before--the
31 retirement--annuity--becomes--payable--shall--instead--be
32 contributed--to--the--System--by--the--annuitant-in-January-of
33 1993.

34 (e)--In-order-to-ensure-that-the-public-health-and-safety

1 are not jeopardized by the simultaneous retirement of large
 2 numbers of critical personnel, the Director of State Police
 3 (for State police officers under the Department of State
 4 Police) and the Director of Corrections (for security staff
 5 at adult and juvenile institutions under the Department of
 6 Corrections) may extend the January 1, 1992 deadline for the
 7 effective date of a retirement annuity established in
 8 subdivision (a)(4) of this Section to a date not later than
 9 May 1, 1992, by so notifying the System in writing no later
 10 than December 31, 1991.

11 In order to ensure that the efficient operation of the
 12 courts of this State is not jeopardized by the simultaneous
 13 retirement of large numbers of court reporters, the Chief
 14 Justice of the Illinois Supreme Court may, for official court
 15 reporters employed in the courts of this State, extend the
 16 January 1, 1992 deadline for the effective date of a
 17 retirement annuity established in subdivision (a)(4) of this
 18 Section to a date not later than May 1, 1992, by so notifying
 19 the System in writing no later than December 31, 1991.

20 (f) Notwithstanding Section 14-111, an annuitant who has
 21 received any age enhancement or creditable service under this
 22 Section and who reenters service under this Article other
 23 than as a temporary employee shall thereby forfeit such age
 24 enhancement and creditable service, and become entitled to a
 25 refund of the contributions made pursuant to this Section.
 26 (Source: P.A. 87-14.)

27 (40 ILCS 5/16-133.3) (from Ch. 108 1/2, par. 16-133.3)
 28 Sec. 16-133.3. Early retirement incentives for State
 29 employees.

30 (a) To be eligible for the benefits provided in this
 31 Section, a person must:

32 (1) be a member of this System who, on any day
 33 during December, 2001, is (i) in active payroll status as

1 a full-time teacher employed by a department, or (ii) on
2 layoff status from such a position with a right of
3 re-employment or recall to service, or (iii) receiving a
4 disability benefit under Section 16-149 or 16-149.1, but
5 only if the member has not been receiving that benefit
6 for a continuous period of more than 2 years as of the
7 date of application;

8 (2) have never previously received a retirement
9 annuity under this Article or Article 2, 14, 15, 17, or
10 18;

11 (3) file with the Board before June 1, 2002, a
12 written application requesting the benefits provided in
13 this Section;

14 (4) establish eligibility to receive a retirement
15 annuity under this Article (for which purpose any age
16 enhancement or creditable service received under this
17 Section may be used) by the earlier of July 1, 2002 or
18 the date the retirement annuity begins, and elect to
19 receive the retirement annuity beginning no earlier than
20 January 1, 2002 and no later than July 1, 2002 (or the
21 date established under subsection (d) if applicable);

22 (5) have attained age 50 (without the use of any
23 age enhancement received under this Section) by the date
24 of commencement of the annuity; and

25 (6) by the date of commencement of the annuity,
26 have at least 5 years of service credit earned while
27 participating in the System as a teacher employed by a
28 department.

29 For the purposes of this Section, "department" means a
30 department as defined in Section 14-103.04 that employs a
31 teacher as defined in this Article.

32 A person who has established additional creditable
33 service under any other early retirement incentive program
34 under this Code is not eligible to participate in the program

1 of early retirement incentives established under this
2 Section.

3 (b) An eligible person may establish up to 5 years of
4 creditable service under this Article, in increments of one
5 month, by making the contributions specified in subsection
6 (c). In addition, for each month of creditable service
7 established under this Section, a person's age at retirement
8 shall be deemed to be one month older than it actually is.

9 The creditable service established under this Section may
10 be used for all purposes under this Article and the
11 Retirement Systems Reciprocal Act, except for the computation
12 of final average salary, the determination of salary or
13 compensation under this Article or any other Article of this
14 Code, or the determination of eligibility for or the
15 computation of benefits under Section 16-133.2.

16 The age enhancement established under this Section may be
17 used for all purposes under this Article (including
18 calculation of a proportionate annuity payable by this System
19 under the Retirement Systems Reciprocal Act), except for
20 purposes of a retirement annuity under Section 16-133(a)(A),
21 a reversionary annuity under Section 16-136, the required
22 distributions under Section 16-142.3, and the determination
23 of eligibility for or the computation of benefits under
24 Section 16-133.2. Age enhancement established under this
25 Section may be used in determining benefits payable under
26 Article 14 of this Code under the Retirement Systems
27 Reciprocal Act; age enhancement established under this
28 Section shall not be used in determining benefits payable
29 under other Articles of this Code under the Retirement
30 Systems Reciprocal Act.

31 (c) For all creditable service established under this
32 Section, a person must pay to the System an employee
33 contribution to be determined by the System, based on the
34 member's rate of compensation on November 1, 2001 (or the

1 last date before November 1, 2001 for which a rate can be
2 determined) and one-half of the retirement contribution rate
3 in effect for members on November 1, 2001.

4 If the member receives a lump sum payment for accumulated
5 vacation, sick leave and personal leave upon withdrawal from
6 service, and the net amount of that lump sum payment is at
7 least as great as the amount of the contribution required
8 under this Section, the entire contribution must be paid by
9 the employee before the retirement annuity may become
10 payable. If there is no such lump sum payment, or if it is
11 less than the contribution required under this Section, the
12 member may either pay the entire contribution before the
13 retirement annuity becomes payable or instead make an initial
14 payment before the retirement annuity becomes payable, equal
15 to the net amount of the lump sum payment for accumulated
16 vacation, sick leave, and personal leave, and have the
17 remaining amount due deducted from the retirement annuity in
18 24 equal monthly installments beginning in the month in which
19 the retirement annuity takes effect. The required
20 contribution may be paid as a pre-tax deduction from
21 earnings, but only if the required contribution is less than
22 the net amount of the lump sum payment for accumulated
23 vacation, sick leave, and personal leave.

24 (d) In order to ensure that the efficient operation of
25 State government is not jeopardized by the simultaneous
26 retirement of large numbers of key personnel, the director or
27 other head of a department may, for key employees of that
28 department, extend the July 1, 2002 deadline for the
29 effective date of a retirement annuity established in
30 subdivision (a)(4) of this Section to a date not later than
31 January 1, 2003 by so notifying the System in writing before
32 July 1, 2002.

33 (e) An annuitant who has received any age enhancement or
34 creditable service under this Section and who reenters

1 contributing service under this Article or Article 14 shall
2 thereby forfeit that age enhancement and creditable service,
3 and become entitled to a refund of the contributions made
4 pursuant to this Section.

5 (f) For the sole purpose of determining eligibility for
6 the automatic annual increase in retirement annuity under
7 Section 16-133.1, an annuitant who is receiving any early
8 retirement incentive under this Section and whose retirement
9 annuity begins on or before July 1, 2002 shall be deemed to
10 have retired on January 1, 2002, regardless of the actual
11 date of retirement.

12 (g) The System shall determine the amount of the
13 increase in unfunded accrued liability resulting from the
14 granting of early retirement incentives under this Section
15 and shall report that amount to the Governor and the Pension
16 Laws Commission on or before April 1, 2003. The increase in
17 liability reported under this subsection (g) shall not be
18 included in the calculation of the required State
19 contribution under Section 16-158.

20 (h) The System shall determine the amount of the annual
21 State contribution necessary to amortize on a level
22 dollar-payment basis, over a period of 6 years at 8.5%
23 interest, compounded annually, an amount equal to the
24 increase in unfunded accrued liability determined under
25 subsection (g) minus \$1,000,000. The System shall certify
26 the amount of this annual State contribution to the Governor,
27 the State Comptroller, the Bureau of the Budget, and the
28 Pension Laws Commission on or before April 1, 2003.

29 In addition to the contributions otherwise required under
30 this Article, the State shall appropriate and pay to the
31 System (1) an amount equal to \$1,000,000 in State fiscal year
32 2003 and (2) in each of State fiscal years 2004 through 2009,
33 an amount equal to the annual State contribution certified by
34 the System under this subsection (h).

1 (i) The Pension Laws Commission shall determine and
2 report to the General Assembly, on or before October 1, 2003
3 and annually thereafter through the year 2009, its estimate
4 of (1) the annual amount of payroll savings likely to be
5 realized by the State as a result of the early retirement of
6 persons receiving early retirement incentives under this
7 Section and (2) the net annual savings or cost to the State
8 from the program of early retirement incentives created under
9 this Section.

10 The System, the Department of Central Management
11 Services, the Bureau of the Budget, and all other departments
12 shall provide to the Commission any assistance that the
13 Commission may request with respect to its reports under this
14 Section. The Commission may require departments to provide
15 it with any information that it deems necessary or useful
16 with respect to its reports under this Section, including
17 without limitation information about (1) the final earnings
18 of former department employees who elected to receive
19 benefits under this Section, (2) the earnings of current
20 department employees holding the positions vacated by persons
21 who elected to receive benefits under this Section, and (3)
22 positions vacated by persons who elected to receive benefits
23 under this Section that have not yet been refilled.

24 (j) It is the purpose of this Section to enable the
25 State to realize savings in payroll costs by replacing
26 certain highly-compensated employees with employees who have
27 less seniority and are therefore, on the average, less highly
28 compensated. To this end, in State fiscal year 2004 the
29 General Assembly shall not fund the positions vacated by
30 persons receiving early retirement incentives under this
31 Section at more than 85% of the rate of compensation payable
32 to those persons at the time of their retirement.

33 (k) The changes made to this Section by this amendatory
34 Act of the 92nd General Assembly do not apply to persons who

1 retired under this Section on or before May 1, 1992.

2 (a) To be eligible for the benefits provided in this
3 Section, a member must:

4 (1) be a member of this System who, on any day
5 during May, 1991, is (i) in active payroll status as a
6 full-time teacher employed by the Department of
7 Rehabilitation Services, the Department of Corrections,
8 the Department of Mental Health and Developmental
9 Disabilities, the Teachers' Retirement System of the
10 State of Illinois, the State Board of Education, or the
11 Illinois Purchased Care Review Board, or (ii) on layoff
12 status from such a position with a right of re-employment
13 or recall to service, or (iii) on a leave of absence from
14 such a position, but only if the member on leave has not
15 been receiving benefits under Section 16-149 or 16-149.1
16 for a continuous period of 2 years or more as of the date
17 of application;

18 (2) have never previously received a retirement
19 annuity under this Article or Article 14, 15 or 17;

20 (3) file with the Board before December 1, 1991, a
21 written application requesting the benefits provided in
22 this Section;

23 (4) be eligible no later than January 1, 1992, to
24 receive a retirement annuity under this Article (for
25 which purpose any age enhancement or creditable service
26 received under this Section may be used) and elect to
27 receive the retirement annuity beginning not earlier than
28 the first day of the month following the month in which
29 this amendatory Act of 1991 takes effect, and not later
30 than January 1, 1992;

31 (5) have attained age 50 (without the use of any
32 age enhancement received under this Section) by December
33 31, 1991;

34 (6) have at least 5 years of creditable service

1 under this System or any of the participating systems
2 under the Retirement Systems Reciprocal Act (without the
3 use of any creditable service received under this
4 Section) by the effective date of the retirement annuity;
5 and

6 (7) have paid all applicable contributions as
7 required by this Section; however, the date such
8 contributions are received by the System shall not be
9 considered in determining the effective date of
10 retirement.

11 (b) An eligible person may establish up to 5 years of
12 creditable service under this Article by making the
13 contributions specified in subsection (c). In addition, for
14 each period of creditable service established under this
15 Section a person shall have his or her age at retirement
16 deemed enhanced by an equivalent period.

17 The creditable service established under this Section may
18 be used for all purposes under this Article and the
19 Retirement Systems Reciprocal Act, except for the computation
20 of final average salary, the determination of salary or
21 compensation under this or any other Article of the Code, or
22 the determination of eligibility for and the computation of
23 benefits under Section 16-133.2 of this Article.

24 The age enhancement established under this Section may be
25 used for all purposes under this Article (including
26 calculation of a proportionate annuity payable by this System
27 under the Retirement Systems Reciprocal Act), except for
28 purposes of a reversionary annuity under Section 16-136, the
29 retirement annuity under Section 16-133(a)(A), the required
30 distributions under Section 16-142.3, and the determination
31 of eligibility for and the computation of benefits under
32 Section 16-133.2 of this Article. However, age enhancement
33 established under this Section shall not be used in
34 determining benefits payable under other Articles of this

Code under the Retirement Systems Reciprocal Act.

(c) For all creditable service established under this Section, a member must pay to the System an employee contribution consisting of 4% of the member's highest annual salary rate used in the determination of the average salary for retirement annuity purposes for each year creditable service has been increased under this Section.

If the member receives a lump sum payment for accumulated vacation, sick leave and personal leave upon withdrawal from service, and the net amount of that lump sum payment is at least as great as the amount of the contribution required under this Section, the entire contribution must be paid by the employee before the retirement annuity may become payable. If there is no such lump sum payment, or if it is less than the contribution required under this Section, the member may either pay the entire contribution before the retirement annuity becomes payable, or may instead make an initial payment before the retirement annuity becomes payable, equal to the net amount of the lump sum payment for accumulated vacation, sick leave and personal leave, and have the remaining amount due deducted from the retirement annuity in 24 equal monthly installments beginning in January of 1992.

(d) An annuitant who has received any age enhancement or creditable service under this Section and who re-enters contributing service under this Article or Article 14, 15 or 17, shall thereby forfeit such age enhancement and creditable service, and upon re-retirement the annuity shall be recomputed. Upon forfeiting creditable service under this subsection, a person shall be entitled to a refund of the contribution paid under this Section.

(Source: P.A. 89-21, eff. 7-1-95.)

1 Appropriation Act is amended by adding Section 1.6 as
2 follows:

3 (40 ILCS 15/1.6 new)

4 Sec. 1.6. Appropriations for early retirement programs.

5 (a) There is hereby appropriated from the General
6 Revenue Fund to the State Employees' Retirement System of
7 Illinois, on a continuing annual basis in each of State
8 fiscal years 2003 through 2009, the amount, if any, by which
9 the total available amount of all other appropriations to
10 that retirement system for the payment of State contributions
11 under subsection (h) of Section 14-108.3 of the Illinois
12 Pension Code in that fiscal year is less than the total
13 amount of State contributions required for that fiscal year
14 under that subsection (h).

15 (b) There is hereby appropriated from the General
16 Revenue Fund to the Teachers' Retirement System of the State
17 of Illinois, on a continuing annual basis in each of State
18 fiscal years 2003 through 2009, the amount, if any, by which
19 the total available amount of all other appropriations to
20 that retirement system for the payment of State contributions
21 under subsection (h) of Section 16-133.3 of the Illinois
22 Pension Code in that fiscal year is less than the total
23 amount of State contributions required for that fiscal year
24 under that subsection (h).

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