



## 93RD GENERAL ASSEMBLY

### State of Illinois

2003 and 2004

SB2652

Introduced 2/4/2004, by John J. Cullerton

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-116	from Ch. 108 1/2, par. 17-116
40 ILCS 5/17-119	from Ch. 108 1/2, par. 17-119
40 ILCS 5/17-121.1 new	
40 ILCS 5/17-129	from Ch. 108 1/2, par. 17-129
30 ILCS 805/8.28 new	

Amends the Chicago Teacher Article of the Illinois Pension Code. Provides that the service retirement pension for a teacher who retires on or after the effective date of this amendatory Act shall be 2.4% (now 2.2%) of average salary for each year of creditable service. Establishes a minimum retirement pension of \$1,500 per month for teachers with at least 20 years of service credit in the Fund. Allows a designated domestic partner to qualify as a surviving spouse for purposes of survivor and death benefits. Provides for a minimum annual contribution from the Chicago Board of Education to the Chicago Teachers' Pension Fund. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB093 15397 LRD 41000 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

1 AN ACT concerning 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 Illinois Pension Code is amended by changing  
5 Sections 17-116, 17-119, and 17-129 and adding Section 17-121.1  
6 as follows:

7 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)  
8 Sec. 17-116. Service retirement pension.

9 (a) Each teacher having 20 years of service upon attainment  
10 of age 55, or who thereafter attains age 55 shall be entitled  
11 to a service retirement pension upon or after attainment of age  
12 55; and each teacher in service on or after July 1, 1971, with  
13 5 or more but less than 20 years of service shall be entitled  
14 to receive a service retirement pension upon or after  
15 attainment of age 62.

16 (b) The service retirement pension for a teacher who  
17 retires on or after June 25, 1971, at age 60 or over, shall be  
18 calculated as follows:

19 (1) For creditable service earned before July 1, 1998  
20 that has not been augmented under Section 17-119.1: 1.67%  
21 for each of the first 10 years of service; 1.90% for each  
22 of the next 10 years of service; 2.10% for each year of  
23 service in excess of 20 but not exceeding 30; and 2.30% for  
24 each year of service in excess of 30, based upon average  
25 salary as herein defined.

26 (2) For creditable service earned on or after July 1,  
27 1998 by a member who has at least 30 years of creditable  
28 service on July 1, 1998 and who does not elect to augment  
29 service under Section 17-119.1: 2.3% of average salary for  
30 each year of creditable service earned on or after July 1,  
31 1998.

32 (3) For all other creditable service: for persons who

1 retire before the effective date of this amendatory Act of  
2 the 93rd General Assembly, 2.2% of average salary for each  
3 year of creditable service and, for persons who retire on  
4 or after the effective date of this amendatory Act of the  
5 93rd General Assembly, 2.4% of average salary for each year  
6 of creditable service.

7 (c) When computing such service retirement pensions, the  
8 following conditions shall apply:

9 1. Average salary shall consist of the average annual  
10 rate of salary for the 4 consecutive years of validated  
11 service within the last 10 years of service when such  
12 average annual rate was highest. In the determination of  
13 average salary for retirement allowance purposes, for  
14 members who commenced employment after August 31, 1979,  
15 that part of the salary for any year shall be excluded  
16 which exceeds the annual full-time salary rate for the  
17 preceding year by more than 20%. In the case of a member  
18 who commenced employment before August 31, 1979 and who  
19 receives salary during any year after September 1, 1983  
20 which exceeds the annual full time salary rate for the  
21 preceding year by more than 20%, an Employer and other  
22 employers of eligible contributors as defined in Section  
23 17-106 shall pay to the Fund an amount equal to the present  
24 value of the additional service retirement pension  
25 resulting from such excess salary. The present value of the  
26 additional service retirement pension shall be computed by  
27 the Board on the basis of actuarial tables adopted by the  
28 Board. If a member elects to receive a pension from this  
29 Fund provided by Section 20-121, his salary under the State  
30 Universities Retirement System and the Teachers'  
31 Retirement System of the State of Illinois shall be  
32 considered in determining such average salary. Amounts  
33 paid after the effective date of this amendatory Act of  
34 1991 for unused vacation time earned after that effective  
35 date shall not under any circumstances be included in the  
36 calculation of average salary or the annual rate of salary

1 for the purposes of this Article.

2 2. Proportionate credit shall be given for validated  
3 service of less than one year.

4 3. For retirement at age 60 or over the pension shall  
5 be payable at the full rate.

6 4. For separation from service below age 60 to a  
7 minimum age of 55, the pension shall be discounted at the  
8 rate of 1/2 of one per cent for each month that the age of  
9 the contributor is less than 60, but a teacher may elect to  
10 defer the effective date of pension in order to eliminate  
11 or reduce this discount. This discount shall not be  
12 applicable to any participant who has at least 34 years of  
13 service or a retirement pension of at least 74.6% of  
14 average salary on the date the retirement annuity begins.

15 5. No additional pension shall be granted for service  
16 exceeding 45 years. Beginning June 26, 1971 no pension  
17 shall exceed the greater of \$1,500 per month or 75% of  
18 average salary as herein defined.

19 6. Service retirement pensions shall begin on the  
20 effective date of resignation, retirement, the day  
21 following the close of the payroll period for which service  
22 credit was validated, or the time the person resigning or  
23 retiring attains age 55, or on a date elected by the  
24 teacher, whichever shall be latest.

25 7. A member who is eligible to receive a retirement  
26 pension of at least 74.6% of average salary and will attain  
27 age 55 on or before December 31 during the year which  
28 commences on July 1 shall be deemed to attain age 55 on the  
29 preceding June 1.

30 8. A member retiring after the effective date of this  
31 amendatory Act of 1998 shall receive a pension equal to 75%  
32 of average salary if the member is qualified to receive a  
33 retirement pension equal to at least 74.6% of average  
34 salary under this Article or as proportional annuities  
35 under Article 20 of this Code.

36 (d) Notwithstanding the other provisions of this Section,

1 the minimum retirement pension payable to a person with at  
2 least 20 years of service credit under this Article who begins  
3 receiving a retirement pension (other than a reversionary  
4 pension) on or after January 1, 2005 shall be \$1,500 per month.

5 (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

6 (40 ILCS 5/17-119) (from Ch. 108 1/2, par. 17-119)

7 Sec. 17-119. Automatic annual increase in pension.

8 (a) Each teacher retiring on or after September 1, 1959, is  
9 entitled to the annual increase in pension, defined herein,  
10 while he is receiving a pension from the Fund.

11 1. The term "base pension" means a service retirement or  
12 disability retirement pension in the amount fixed and payable  
13 at the date of retirement of a teacher.

14 2. The annual increase in pension shall be at the rate of 1  
15 1/2% of base pension. This increase shall first occur in  
16 January of the year next following the first anniversary of  
17 retirement. At such time the Fund shall pay the pro rata part  
18 of the increase for the period from the first anniversary date  
19 to the date of the first increase in pension. Beginning January  
20 1, 1972, the rate of annual increase in pension shall be 2% of  
21 the base pension. Beginning January 1, 1979, the rate of annual  
22 increase in pension shall be 3% of the base pension. Beginning  
23 January 1, 1990, all automatic annual increases payable under  
24 this Section shall be calculated as a percentage of the total  
25 pension payable at the time of the increase, including all  
26 increases previously granted under this Article,  
27 notwithstanding Section 17-157.

28 3. An increase in pension shall be granted only if the  
29 retired teacher is age 60 or over. If the teacher attains age  
30 60 after retirement, the increase in pension shall begin in  
31 January of the year following the 61st birthday. At such time  
32 the Fund also shall pay the pro rata part of the increase from  
33 the 61st birthday to the date of first increase in pension.

34 (b) In addition to other increases which may be provided by  
35 this Section, on January 1, 1981 any teacher who was receiving

1 a retirement pension on or before January 1, 1971 shall have  
2 his retirement pension then being paid increased \$1 per month  
3 for each year of creditable service. On January 1, 1982, any  
4 teacher whose retirement pension began on or before January 1,  
5 1977, shall have his retirement pension then being paid  
6 increased \$1 per month for each year of creditable service.

7 (c) On January 1, 1987, any teacher whose retirement  
8 pension began on or before January 1, 1977, shall have the  
9 monthly retirement pension increased by an amount equal to 8¢  
10 per year of creditable service times the number of years that  
11 have elapsed since the retirement pension began.

12 (d) On January 1, 2005, every pensioner with at least 20  
13 years of service credit under this Article who is receiving a  
14 retirement pension (other than a reversionary pension) of less  
15 than \$1,500 per month shall have the retirement pension  
16 increased to \$1,500 on that date, notwithstanding Section  
17 17-157. The increase under this subsection shall be included in  
18 the calculation of the increases granted on that date or  
19 thereafter under subsection (a) of this Section.

20 (Source: P.A. 90-566, eff. 1-2-98.)

21 (40 ILCS 5/17-121.1 new)

22 Sec. 17-121.1. Domestic partner eligibility.

23 (a) Beginning July 1, 2004, an unmarried teacher may  
24 designate a domestic partner by filing a written designation  
25 with the Fund in the manner prescribed by the Fund. The Fund  
26 may require reasonable evidence that the person designated  
27 meets the qualifications set forth in subsection (c). Such a  
28 designation is revocable at any time, but may not be made or  
29 changed more than once in any 24-month period. The marriage of  
30 a teacher automatically revokes any designation of a domestic  
31 partner previously made by that teacher.

32 (b) The designated domestic partner of a teacher shall be  
33 eligible to receive survivor and death benefits under this  
34 Article in the same manner and subject to the same conditions  
35 as a surviving spouse. For the purposes of determining

1 eligibility for those benefits, the date of designation of a  
2 domestic partner shall be deemed the equivalent of the date of  
3 marriage, and the revocation or change of a designation shall  
4 be deemed the equivalent of termination of the marriage.  
5 References in this Article and other applicable Articles of  
6 this Code to a surviving spouse shall be deemed to include a  
7 surviving designated domestic partner.

8 (c) "Domestic partner" means an individual of the same  
9 gender as an unmarried teacher who (1) is involved with the  
10 teacher in a long-term relationship of indefinite duration; (2)  
11 has resided together with the teacher at the same address for  
12 at least 12 months; (3) is not related to the teacher by blood  
13 to a degree of closeness that would prohibit legal marriage in  
14 the state in which they legally reside; (4) is not married to  
15 any other person; and (5) has an exclusive mutual commitment to  
16 the teacher in which they agree to be jointly responsible for  
17 each other's common welfare and to share financial obligations.

18 (40 ILCS 5/17-129) (from Ch. 108 1/2, par. 17-129)

19 Sec. 17-129. Employer contributions; deficiency in Fund.

20 (a) If in any fiscal year of the Board of Education ending  
21 prior to 1997 the total amounts paid to the Fund from the Board  
22 of Education (other than under this subsection, and other than  
23 amounts used for making or "picking up" contributions on behalf  
24 of teachers) and from the State do not equal the total  
25 contributions made by or on behalf of the teachers for such  
26 year, or if the total income of the Fund in any such fiscal  
27 year of the Board of Education from all sources is less than  
28 the total such expenditures by the Fund for such year, the  
29 Board of Education shall, in the next succeeding year, in  
30 addition to any other payment to the Fund set apart and  
31 appropriate from moneys from its tax levy for educational  
32 purposes, a sum sufficient to remove such deficiency or  
33 deficiencies, and promptly pay such sum into the Fund in order  
34 to restore any of the reserves of the Fund that may have been  
35 so temporarily applied. Any amounts received by the Fund after

1 December 4, 1997 from State appropriations, including under  
2 Section 17-127, shall be a credit against and shall fully  
3 satisfy any obligation that may have arisen, or be claimed to  
4 have arisen, under this subsection (a) as a result of any  
5 deficiency or deficiencies in the fiscal year of the Board of  
6 Education ending in calendar year 1997.

7 (b) (i) For fiscal years 2011 through 2045, the minimum  
8 contribution to the Fund to be made by the Board of Education  
9 in each fiscal year shall be an amount determined by the Fund  
10 to be sufficient to bring the total assets of the Fund up to  
11 90% of the total actuarial liabilities of the Fund by the end  
12 of fiscal year 2045. In making these determinations, the  
13 required Board of Education contribution shall be calculated  
14 each year as a level percentage of the applicable employee  
15 payrolls over the years remaining to and including fiscal year  
16 2045 and shall be determined under the projected unit credit  
17 actuarial cost method.

18 (ii) For fiscal years 1999 through 2010, the Board of  
19 Education's contribution to the Fund, as a percentage of the  
20 applicable employee payroll, shall be increased in equal annual  
21 increments so that by fiscal year 2011, the Board of Education  
22 is contributing at the rate required under this subsection.

23 (iii) Beginning in fiscal year 2046, the minimum Board of  
24 Education contribution for each fiscal year shall be the amount  
25 needed to maintain the total assets of the Fund at 90% of the  
26 total actuarial liabilities of the Fund.

27 (iv) Notwithstanding any provision of law to the contrary,  
28 for the Fund's 2005-2006 fiscal year and each ~~the provisions of~~  
29 ~~paragraphs (i), (ii), and (iii) of this subsection (b), for any~~  
30 fiscal year thereafter, the contribution to the Fund from the  
31 Board of Education shall be not less than the amount of member  
32 contributions during the fiscal year 2 years prior to the  
33 fiscal year for which the contribution is required ~~not be~~  
34 ~~required to be in excess of the amount calculated as needed to~~  
35 ~~maintain the assets (or cause the assets to be) at the 90%~~  
36 ~~level by the end of the fiscal year.~~



1 (v) Any contribution by the State to or for the benefit of  
2 the Fund, including, without limitation, as referred to under  
3 Section 17-127, shall be a credit against any contribution  
4 required to be made by the Board of Education under this  
5 subsection (b).

6 (c) The Board shall determine the amount of Board of  
7 Education contributions required for each fiscal year on the  
8 basis of the actuarial tables and other assumptions adopted by  
9 the Board and the recommendations of the actuary, in order to  
10 meet the minimum contribution requirements of subsections (a)  
11 and (b). Annually, on or before February 28, the Board shall  
12 certify to the Board of Education the amount of the required  
13 Board of Education contribution for the coming fiscal year. The  
14 certification shall include a copy of the actuarial  
15 recommendations upon which it is based.

16 (Source: P.A. 89-15, eff. 5-30-95; 90-548, eff. 12-4-97;  
17 90-566, eff. 1-2-98; 90-655, eff. 7-30-98.)

18 Section 90. The State Mandates Act is amended by adding  
19 Section 8.28 as follows:

20 (30 ILCS 805/8.28 new)

21 Sec. 8.28. Exempt mandate. Notwithstanding Sections 6 and 8  
22 of this Act, no reimbursement by the State is required for the  
23 implementation of any mandate created by this amendatory Act of  
24 the 93rd General Assembly.

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