



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB0302

Introduced 1/19/2005, by Rep. Robert S. Molaro

SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-116.1
30 ILCS 805/8.29 new

from Ch. 108 1/2, par. 17-116.1

Amends the Chicago Teachers Article of the Illinois Pension Code. Provides that a member who retires after June 1, 2005 and before June 30, 2010 and within 6 months of the last day of teaching for which contributions were required may make a one time contribution to the system and thereby avoid early retirement reduction in allowance. Provides that an election by a member to make such a contribution obligates the last Employer to make a one time contribution to the Fund. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB094 03438 LRD 33441 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 Illinois Pension Code is amended by changing
5 Section 17-116.1 as follows:

6 (40 ILCS 5/17-116.1) (from Ch. 108 1/2, par. 17-116.1)
7 Sec. 17-116.1. Early retirement without discount.

8 (a) A member retiring after June 1, 1980 and before June
9 30, 1995 and within 6 months of the last day of teaching for
10 which retirement contributions were required, may elect at the
11 time of application to make a one time employee contribution to
12 the system and thereby avoid the early retirement reduction in
13 allowance specified in paragraph (4) of Section 17-116 of this
14 Article. The exercise of the election shall obligate the last
15 Employer to also make a one time non-refundable contribution to
16 the Fund.

17 (a-5) A member retiring after June 1, 2005 and before June
18 30, 2010 and within 6 months of the last day of teaching for
19 which retirement contributions were required, may elect at the
20 time of application to make a one time employee contribution to
21 the system and thereby avoid the early retirement reduction in
22 allowance specified in paragraph (4) of Section 17-116. The
23 exercise of the election shall obligate the last Employer to
24 also make a one time non-refundable contribution to the Fund.

25 (b) Subject to authorization by the Employer as provided
26 in subsection (c), a member retiring on or after June 30, 1995
27 and on or before June 1, 2005 ~~June 30, 2005~~ and within 6 months
28 of the last day of teaching for which retirement contributions
29 were required may elect at the time of application to make a
30 one-time employee contribution to the Fund and thereby avoid
31 the early retirement reduction in allowance specified in
32 paragraph (4) of Section 17-116. The exercise of the election

1 shall obligate the last Employer to also make a one-time
2 nonrefundable contribution to the Fund.

3 (c) The benefits provided in subsection (b) are available
4 only to members who retire, during a specified period, from
5 employment with an Employer that has adopted and filed with the
6 Board a resolution expressly providing for the creation of an
7 early retirement without discount program under this Section
8 for that period.

9 The Employer has the full discretion and authority to
10 determine whether an early retirement without discount program
11 is in its best interest and to provide such a program to its
12 eligible employees in accordance with this Section. The
13 Employer may decide to authorize such a program for one or more
14 of the following periods: for the period beginning July 1, 1997
15 and ending June 30, 1998, in which case the resolution must be
16 adopted by January 1, 1998; for the period beginning July 1,
17 1998 and ending June 30, 1999, in which case the resolution
18 must be adopted by March 31, 1998; for the period beginning
19 July 1, 1999 and ending June 30, 2000, in which case the
20 resolution must be adopted by March 31, 1999; for the period
21 beginning July 1, 2000 and ending June 30, 2001, in which case
22 the resolution must be adopted by March 31, 2000; for the
23 period beginning July 1, 2001 and ending June 30, 2002, in
24 which case the resolution must be adopted by March 31, 2001;
25 for the period beginning July 1, 2002 and ending June 30, 2003,
26 in which case the resolution must be adopted by March 31, 2002;
27 for the period beginning July 1, 2003 and ending June 30, 2004,
28 in which case the resolution must be adopted by March 31, 2003;
29 and for the period beginning July 1, 2004 and ending June 30,
30 2005, in which case the resolution must be adopted by March 31,
31 2004. The resolution must be filed with the Board within 10
32 days after it is adopted. A single resolution may authorize an
33 early retirement without discount program as provided in this
34 Section for more than one period.

35 Notwithstanding Section 17-157, the Employer shall also
36 have full discretion and authority to determine whether to

1 allow its employees who withdrew from service on or after June
2 30, 1995 and before June 27, 1997 to participate in an early
3 retirement without discount program under subsection (b). An
4 early retirement without discount program for those who
5 withdrew from service on or after June 30, 1995 and before June
6 27, 1997 may be authorized only by a resolution of the Employer
7 that is adopted by January 1, 1998 and filed with the Board
8 within 10 days after its adoption. If such a resolution is duly
9 adopted and filed, a person who (i) withdrew from service with
10 the Employer on or after June 30, 1995 and before June 27,
11 1997, (ii) qualifies for early retirement without discount
12 under subsection (b), (iii) applies to the Fund within 90 days
13 after the authorizing resolution is adopted, and (iv) pays the
14 required employee contribution shall have his or her retirement
15 pension recalculated in accordance with subsection (b). The
16 resulting increase shall be effective retroactively to the
17 starting date of the retirement pension.

18 (d) The one-time employee contribution shall be equal to
19 7% of the retiring member's highest full-time annual salary
20 rate used in the determination of the average salary rate for
21 retirement pension, or if not full-time then the full-time
22 equivalent, multiplied by (1) the number of years the teacher
23 is under age 60, or (2) the number of years the employee's
24 creditable service is less than 34 years, whichever is less.

25 The Employer contribution shall be 20% of such salary
26 multiplied by such number of years.

27 (e) Upon receipt of the application and election, the
28 Board shall determine the one time employee and Employer
29 contributions. The provisions of this Section shall not be
30 applicable until the employee contribution, if any, has been
31 received by the Fund; however, the date that contribution is
32 received shall not be considered in determining the effective
33 date of retirement.

34 (f) The number of employees who may retire under this
35 Section in any year may be limited at the option of the
36 Employer to a specified percentage of those eligible, not lower

1 than 30%, with the right to participate to be allocated among
2 those applying on the basis of seniority in the service of the
3 Employer.

4 (Source: P.A. 90-32, eff. 6-27-97; 90-448, eff. 8-16-97;
5 90-566, eff. 1-2-98; 91-17, eff. 6-4-99.)

6 Section 90. The State Mandates Act is amended by adding
7 Section 8.29 as follows:

8 (30 ILCS 805/8.29 new)

9 Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8
10 of this Act, no reimbursement by the State is required for the
11 implementation of any mandate created by this amendatory Act of
12 the 94th General Assembly.

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.