



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB0677

Introduced 02/06/09, by Rep. Joseph M. Lyons

SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-116

from Ch. 108 1/2, par. 17-116

30 ILCS 805/8.33 new

Amends the Chicago Teacher Article of the Illinois Pension Code. Provides that a teacher, member, or contributor who has left validated service and later re-enters validated service as a teacher, member, or contributor must acquire one year of additional validated service in order to be eligible (A) to retire on a pension at a rate and under conditions other than those in force or attained at the time he or she left validated service and (B) to receive reimbursement for the cost of health insurance coverage or health insurance premium payments. Amends the State Mandates Act to require implementation without reimbursement.

LRB096 03529 AMC 13554 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning 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 as follows:

6 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)
7 Sec. 17-116. Service retirement pension.

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

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

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

1 salary as herein defined.

2 (2) For creditable service earned on or after July 1,
3 1998 by a member who has at least 30 years of creditable
4 service on July 1, 1998 and who does not elect to augment
5 service under Section 17-119.1: 2.3% of average salary for
6 each year of creditable service earned on or after July 1,
7 1998.

8 (3) For all other creditable service: 2.2% of average
9 salary for each year of creditable service.

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

12 1. Average salary shall consist of the average annual
13 rate of salary for the 4 consecutive years of validated
14 service within the last 10 years of service when such
15 average annual rate was highest. In the determination of
16 average salary for retirement allowance purposes, for
17 members who commenced employment after August 31, 1979,
18 that part of the salary for any year shall be excluded
19 which exceeds the annual full-time salary rate for the
20 preceding year by more than 20%. In the case of a member
21 who commenced employment before August 31, 1979 and who
22 receives salary during any year after September 1, 1983
23 which exceeds the annual full time salary rate for the
24 preceding year by more than 20%, an Employer and other
25 employers of eligible contributors as defined in Section
26 17-106 shall pay to the Fund an amount equal to the present

1 value of the additional service retirement pension
2 resulting from such excess salary. The present value of the
3 additional service retirement pension shall be computed by
4 the Board on the basis of actuarial tables adopted by the
5 Board. If a member elects to receive a pension from this
6 Fund provided by Section 20-121, his salary under the State
7 Universities Retirement System and the Teachers'
8 Retirement System of the State of Illinois shall be
9 considered in determining such average salary. Amounts
10 paid after the effective date of this amendatory Act of
11 1991 for unused vacation time earned after that effective
12 date shall not under any circumstances be included in the
13 calculation of average salary or the annual rate of salary
14 for the purposes of this Article.

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

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

19 4. For separation from service below age 60 to a
20 minimum age of 55, the pension shall be discounted at the
21 rate of 1/2 of one per cent for each month that the age of
22 the contributor is less than 60, but a teacher may elect to
23 defer the effective date of pension in order to eliminate
24 or reduce this discount. This discount shall not be
25 applicable to any participant who has at least 34 years of
26 service or a retirement pension of at least 74.6% of

1 average salary on the date the retirement annuity begins.

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

6 6. Service retirement pensions shall begin on the
7 effective date of resignation, retirement, the day
8 following the close of the payroll period for which service
9 credit was validated, or the time the person resigning or
10 retiring attains age 55, or on a date elected by the
11 teacher, whichever shall be latest.

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

17 8. A member retiring after the effective date of this
18 amendatory Act of 1998 shall receive a pension equal to 75%
19 of average salary if the member is qualified to receive a
20 retirement pension equal to at least 74.6% of average
21 salary under this Article or as proportional annuities
22 under Article 20 of this Code.

23 9. A teacher, member, or contributor who has left
24 validated service and later re-enters validated service as
25 a teacher, member, or contributor must acquire one year of
26 additional validated service in order to be eligible (A) to

1 retire on a pension at a rate and under conditions other
2 than those in force or attained at the time he or she left
3 validated service and (B) to receive reimbursement for the
4 cost of health insurance coverage or health insurance
5 premium payments in accordance with Section 17-142.1. This
6 item 9 shall not apply in the event that the teacher,
7 member, or contributor dies in service prior to acquiring
8 one year of additional validated service. This item 9 shall
9 not apply to the re-employment of any person receiving a
10 service retirement or disability pension; the
11 re-employment of such a person shall be governed by Section
12 17-149.

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

14 Section 90. The State Mandates Act is amended by adding
15 Section 8.33 as follows:

16 (30 ILCS 805/8.33 new)

17 Sec. 8.33. Exempt mandate. Notwithstanding Sections 6 and 8
18 of this Act, no reimbursement by the State is required for the
19 implementation of any mandate created by this amendatory Act of
20 the 96th General Assembly.