



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB3661

Introduced 2/24/2009, by Rep. William B. Black

SYNOPSIS AS INTRODUCED:

| | |
|------------------------|-------------------------------|
| 40 ILCS 5/16-127 | from Ch. 108 1/2, par. 16-127 |
| 40 ILCS 5/16-128 | from Ch. 108 1/2, par. 16-128 |
| 40 ILCS 5/16-203.1 new | |

Amends the Downstate Teacher Article of the Illinois Pension Code. Allows a teacher to establish service credit for service in an amount not greater than 5 years for employment by the New York School for the Deaf if such employment occurred before January 1, 1975. Requires payment of employee and employer contributions, plus interest.

LRB096 11645 AMC 22213 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

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 Sections 16-127 and 16-128 and by adding Section 16-203.1 as
6 follows:

7 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

8 Sec. 16-127. Computation of creditable service.

9 (a) Each member shall receive regular credit for all
10 service as a teacher from the date membership begins, for which
11 satisfactory evidence is supplied and all contributions have
12 been paid.

13 (b) The following periods of service shall earn optional
14 credit and each member shall receive credit for all such
15 service for which satisfactory evidence is supplied and all
16 contributions have been paid as of the date specified:

17 (1) Prior service as a teacher.

18 (2) Service in a capacity essentially similar or
19 equivalent to that of a teacher, in the public common
20 schools in school districts in this State not included
21 within the provisions of this System, or of any other
22 State, territory, dependency or possession of the United
23 States, or in schools operated by or under the auspices of

1 the United States, or under the auspices of any agency or
2 department of any other State, and service during any
3 period of professional speech correction or special
4 education experience for a public agency within this State
5 or any other State, territory, dependency or possession of
6 the United States, and service prior to February 1, 1951 as
7 a recreation worker for the Illinois Department of Public
8 Safety, for a period not exceeding the lesser of 2/5 of the
9 total creditable service of the member or 10 years. The
10 maximum service of 10 years which is allowable under this
11 paragraph shall be reduced by the service credit which is
12 validated by other retirement systems under paragraph (i)
13 of Section 15-113 and paragraph 1 of Section 17-133. Credit
14 granted under this paragraph may not be used in
15 determination of a retirement annuity or disability
16 benefits unless the member has at least 5 years of
17 creditable service earned subsequent to this employment
18 with one or more of the following systems: Teachers'
19 Retirement System of the State of Illinois, State
20 Universities Retirement System, and the Public School
21 Teachers' Pension and Retirement Fund of Chicago. Whenever
22 such service credit exceeds the maximum allowed for all
23 purposes of this Article, the first service rendered in
24 point of time shall be considered. The changes to this
25 subdivision (b)(2) made by Public Act 86-272 shall apply
26 not only to persons who on or after its effective date

1 (August 23, 1989) are in service as a teacher under the
2 System, but also to persons whose status as such a teacher
3 terminated prior to such effective date, whether or not
4 such person is an annuitant on that date.

5 (3) Any periods immediately following teaching
6 service, under this System or under Article 17, (or
7 immediately following service prior to February 1, 1951 as
8 a recreation worker for the Illinois Department of Public
9 Safety) spent in active service with the military forces of
10 the United States; periods spent in educational programs
11 that prepare for return to teaching sponsored by the
12 federal government following such active military service;
13 if a teacher returns to teaching service within one
14 calendar year after discharge or after the completion of
15 the educational program, a further period, not exceeding
16 one calendar year, between time spent in military service
17 or in such educational programs and the return to
18 employment as a teacher under this System; and a period of
19 up to 2 years of active military service not immediately
20 following employment as a teacher.

21 The changes to this Section and Section 16-128 relating
22 to military service made by P.A. 87-794 shall apply not
23 only to persons who on or after its effective date are in
24 service as a teacher under the System, but also to persons
25 whose status as a teacher terminated prior to that date,
26 whether or not the person is an annuitant on that date. In

1 the case of an annuitant who applies for credit allowable
2 under this Section for a period of military service that
3 did not immediately follow employment, and who has made the
4 required contributions for such credit, the annuity shall
5 be recalculated to include the additional service credit,
6 with the increase taking effect on the date the System
7 received written notification of the annuitant's intent to
8 purchase the credit, if payment of all the required
9 contributions is made within 60 days of such notice, or
10 else on the first annuity payment date following the date
11 of payment of the required contributions. In calculating
12 the automatic annual increase for an annuity that has been
13 recalculated under this Section, the increase attributable
14 to the additional service allowable under P.A. 87-794 shall
15 be included in the calculation of automatic annual
16 increases accruing after the effective date of the
17 recalculation.

18 Credit for military service shall be determined as
19 follows: if entry occurs during the months of July, August,
20 or September and the member was a teacher at the end of the
21 immediately preceding school term, credit shall be granted
22 from July 1 of the year in which he or she entered service;
23 if entry occurs during the school term and the teacher was
24 in teaching service at the beginning of the school term,
25 credit shall be granted from July 1 of such year. In all
26 other cases where credit for military service is allowed,

1 credit shall be granted from the date of entry into the
2 service.

3 The total period of military service for which credit
4 is granted shall not exceed 5 years for any member unless
5 the service: (A) is validated before July 1, 1964, and (B)
6 does not extend beyond July 1, 1963. Credit for military
7 service shall be granted under this Section only if not
8 more than 5 years of the military service for which credit
9 is granted under this Section is used by the member to
10 qualify for a military retirement allotment from any branch
11 of the armed forces of the United States. The changes to
12 this subdivision (b) (3) made by Public Act 86-272 shall
13 apply not only to persons who on or after its effective
14 date (August 23, 1989) are in service as a teacher under
15 the System, but also to persons whose status as such a
16 teacher terminated prior to such effective date, whether or
17 not such person is an annuitant on that date.

18 (4) Any periods served as a member of the General
19 Assembly.

20 (5) (i) Any periods for which a teacher, as defined in
21 Section 16-106, is granted a leave of absence, provided he
22 or she returns to teaching service creditable under this
23 System or the State Universities Retirement System
24 following the leave; (ii) periods during which a teacher is
25 involuntarily laid off from teaching, provided he or she
26 returns to teaching following the lay-off; (iii) periods

1 prior to July 1, 1983 during which a teacher ceased covered
2 employment due to pregnancy, provided that the teacher
3 returned to teaching service creditable under this System
4 or the State Universities Retirement System following the
5 pregnancy and submits evidence satisfactory to the Board
6 documenting that the employment ceased due to pregnancy;
7 and (iv) periods prior to July 1, 1983 during which a
8 teacher ceased covered employment for the purpose of
9 adopting an infant under 3 years of age or caring for a
10 newly adopted infant under 3 years of age, provided that
11 the teacher returned to teaching service creditable under
12 this System or the State Universities Retirement System
13 following the adoption and submits evidence satisfactory
14 to the Board documenting that the employment ceased for the
15 purpose of adopting an infant under 3 years of age or
16 caring for a newly adopted infant under 3 years of age.
17 However, total credit under this paragraph (5) may not
18 exceed 3 years.

19 Any qualified member or annuitant may apply for credit
20 under item (iii) or (iv) of this paragraph (5) without
21 regard to whether service was terminated before the
22 effective date of this amendatory Act of 1997. In the case
23 of an annuitant who establishes credit under item (iii) or
24 (iv), the annuity shall be recalculated to include the
25 additional service credit. The increase in annuity shall
26 take effect on the date the System receives written

1 notification of the annuitant's intent to purchase the
2 credit, if the required evidence is submitted and the
3 required contribution paid within 60 days of that
4 notification, otherwise on the first annuity payment date
5 following the System's receipt of the required evidence and
6 contribution. The increase in an annuity recalculated
7 under this provision shall be included in the calculation
8 of automatic annual increases in the annuity accruing after
9 the effective date of the recalculation.

10 Optional credit may be purchased under this subsection
11 (b) (5) for periods during which a teacher has been granted
12 a leave of absence pursuant to Section 24-13 of the School
13 Code. A teacher whose service under this Article terminated
14 prior to the effective date of P.A. 86-1488 shall be
15 eligible to purchase such optional credit. If a teacher who
16 purchases this optional credit is already receiving a
17 retirement annuity under this Article, the annuity shall be
18 recalculated as if the annuitant had applied for the leave
19 of absence credit at the time of retirement. The difference
20 between the entitled annuity and the actual annuity shall
21 be credited to the purchase of the optional credit. The
22 remainder of the purchase cost of the optional credit shall
23 be paid on or before April 1, 1992.

24 The change in this paragraph made by Public Act 86-273
25 shall be applicable to teachers who retire after June 1,
26 1989, as well as to teachers who are in service on that

1 date.

2 (6) Any days of unused and uncompensated accumulated
3 sick leave earned by a teacher. The service credit granted
4 under this paragraph shall be the ratio of the number of
5 unused and uncompensated accumulated sick leave days to 170
6 days, subject to a maximum of 2 years of service credit.
7 Prior to the member's retirement, each former employer
8 shall certify to the System the number of unused and
9 uncompensated accumulated sick leave days credited to the
10 member at the time of termination of service. The period of
11 unused sick leave shall not be considered in determining
12 the effective date of retirement. A member is not required
13 to make contributions in order to obtain service credit for
14 unused sick leave.

15 Credit for sick leave shall, at retirement, be granted
16 by the System for any retiring regional or assistant
17 regional superintendent of schools at the rate of 6 days
18 per year of creditable service or portion thereof
19 established while serving as such superintendent or
20 assistant superintendent.

21 (7) Periods prior to February 1, 1987 served as an
22 employee of the Illinois Mathematics and Science Academy
23 for which credit has not been terminated under Section
24 15-113.9 of this Code.

25 (8) Service as a substitute teacher for work performed
26 prior to July 1, 1990.

1 (9) Service as a part-time teacher for work performed
2 prior to July 1, 1990.

3 (10) Up to 2 years of employment with Southern Illinois
4 University - Carbondale from September 1, 1959 to August
5 31, 1961, or with Governors State University from September
6 1, 1972 to August 31, 1974, for which the teacher has no
7 credit under Article 15. To receive credit under this item
8 (10), a teacher must apply in writing to the Board and pay
9 the required contributions before May 1, 1993 and have at
10 least 12 years of service credit under this Article.

11 (11) Service in an amount not greater than 5 years for
12 employment by the New York School for the Deaf, a public
13 entity under the New York State Education Department, if
14 such employment occurred before January 1, 1975 and if the
15 contributions required under subsection (f) of Section
16 16-128 of this Code are made. The member shall be eligible
17 for service credit under this item (11) regardless of
18 whether the specified employment required a teaching
19 certificate. If credit for any portion of that service is
20 validated by any other retirement system operated under the
21 auspices of any agency or department of any other state,
22 then credit for that service shall be reduced
23 proportionately under this item (11).

24 (b-1) A member may establish optional credit for up to 2
25 years of service as a teacher or administrator employed by a
26 private school recognized by the Illinois State Board of

1 Education, provided that the teacher (i) was certified under
2 the law governing the certification of teachers at the time the
3 service was rendered, (ii) applies in writing on or after June
4 1, 2002 and on or before June 1, 2005, (iii) supplies
5 satisfactory evidence of the employment, (iv) completes at
6 least 10 years of contributing service as a teacher as defined
7 in Section 16-106, and (v) pays the contribution required in
8 subsection (d-5) of Section 16-128. The member may apply for
9 credit under this subsection and pay the required contribution
10 before completing the 10 years of contributing service required
11 under item (iv), but the credit may not be used until the item
12 (iv) contributing service requirement has been met.

13 (c) The service credits specified in this Section shall be
14 granted only if: (1) such service credits are not used for
15 credit in any other statutory tax-supported public employee
16 retirement system other than the federal Social Security
17 program; and (2) the member makes the required contributions as
18 specified in Section 16-128. Except as provided in subsection
19 (b-1) of this Section, the service credit shall be effective as
20 of the date the required contributions are completed.

21 Any service credits granted under this Section shall
22 terminate upon cessation of membership for any cause.

23 Credit may not be granted under this Section covering any
24 period for which an age retirement or disability retirement
25 allowance has been paid.

26 (Source: P.A. 92-867, eff. 1-3-03.)

1 (40 ILCS 5/16-128) (from Ch. 108 1/2, par. 16-128)

2 Sec. 16-128. Creditable service - required contributions.

3 (a) In order to receive the creditable service specified
4 under subsection (b) of Section 16-127, a member is required to
5 make the following contributions: (i) an amount equal to the
6 contributions which would have been required had such service
7 been rendered as a member under this System; (ii) for military
8 service not immediately following employment and for service
9 established under subdivision (b)(10) of Section 16-127, an
10 amount determined by the Board to be equal to the employer's
11 normal cost of the benefits accrued for such service; and (iii)
12 interest from the date the contributions would have been due
13 (or, in the case of a person establishing credit for military
14 service under subdivision (b)(3) of Section 16-127, the date of
15 first membership in the System, if that date is later) to the
16 date of payment, at the following rate of interest, compounded
17 annually: for periods prior to July 1, 1965, regular interest;
18 from July 1, 1965 to June 30, 1977, 4% per year; on and after
19 July 1, 1977, regular interest.

20 (b) In order to receive creditable service under paragraph
21 (2) of subsection (b) of Section 16-127 for those who were not
22 members on June 30, 1963, the minimum required contribution
23 shall be \$420 per year of service together with interest at 4%
24 per year compounded annually from July 1, preceding the date of
25 membership until June 30, 1977 and at regular interest

1 compounded annually thereafter to the date of payment.

2 (c) In determining the contribution required in order to
3 receive creditable service under paragraph (3) of subsection
4 (b) of Section 16-127, the salary rate for the remainder of the
5 school term in which a member enters military service shall be
6 assumed to be equal to the member's salary rate at the time of
7 entering military service. However, for military service not
8 immediately following employment, the salary rate on the last
9 date as a participating teacher prior to such military service,
10 or on the first date as a participating teacher after such
11 military service, whichever is greater, shall be assumed to be
12 equal to the member's salary rate at the time of entering
13 military service. For each school term thereafter, the member's
14 salary rate shall be assumed to be 5% higher than the salary
15 rate in the previous school term.

16 (d) In determining the contribution required in order to
17 receive creditable service under paragraph (5) of subsection
18 (b) of Section 16-127, a member's salary rate during the period
19 for which credit is being established shall be assumed to be
20 equal to the member's last salary rate immediately preceding
21 that period.

22 (d-5) For each year of service credit to be established
23 under subsection (b-1) of Section 16-127, a member is required
24 to contribute to the System (i) 16.5% of the annual salary rate
25 during the first year of full-time employment as a teacher
26 under this Article following the private school service, plus

1 (ii) interest thereon from the date of first full-time
2 employment as a teacher under this Article following the
3 private school service to the date of payment, compounded
4 annually, at the rate of 8.5% per year for periods before the
5 effective date of this amendatory Act of the 92nd General
6 Assembly, and for subsequent periods at a rate equal to the
7 System's actuarially assumed rate of return on investments.

8 (d-10) For service credit established under paragraph (6)
9 of subsection (b) of Section 16-127 for days granted by an
10 employer in excess of the member's normal annual sick leave
11 allotment, the employer is required to pay the normal cost of
12 benefits based upon such service credit. This subsection (d-10)
13 does not apply to sick leave granted to teachers under
14 contracts or collective bargaining agreements entered into,
15 amended, or renewed before June 1, 2005 (the effective date of
16 Public Act 94-4). The employer contributions required under
17 this subsection (d-10) shall be paid in the form of a lump sum
18 within 30 days after receipt of the bill after the teacher
19 begins receiving benefits under this Article.

20 (e) Except for contributions under subsection (d-10), the
21 contributions required under this Section may be made from the
22 date the statement for such creditable service is issued until
23 retirement date. All such required contributions must be made
24 before any retirement annuity is granted.

25 (f) For each year of service credit to be established under
26 item (11) of subsection (b) of Section 16-127, a member is

1 required to contribute to the System an amount equal to (i) the
2 employee contributions that would have been required by the
3 member if the service had been earned as a teacher under the
4 System, plus (ii) the employer's normal cost of the benefit had
5 the service been earned as a teacher under the System, plus
6 (iii) interest on items (i) and (ii) at the actuarially assumed
7 rate from the date of first employment as a teacher under this
8 Article following the date the specified out-of-state
9 employment occurred to the date of payment, compounded
10 annually.

11 (Source: P.A. 94-4, eff. 6-1-05; 94-1057, eff. 7-31-06.)

12 (40 ILCS 5/16-203.1 new)

13 Sec. 16-203.1. New benefit increases. The General Assembly
14 finds and declares that the amendment to Section 16-127 made by
15 this amendatory Act of the 96th General Assembly that allows
16 members to establish service credit for employment by the New
17 York School for the Deaf constitutes a new benefit increase
18 within the meaning of Section 16-203. Funding for this new
19 benefit increase will be provided by additional employee
20 contributions under subsection (f) of Section 16-128. In
21 accordance with subsection (d) of Section 16-203, this new
22 benefit increase shall expire 5 years after the effective date
23 of this amendatory Act of the 96th General Assembly.