

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  
5 changing Sections 17-106, 17-116.3, 17-116.4, 17-119.1,  
6 17-121, and 17-149 as follows:

7 (40 ILCS 5/17-106) (from Ch. 108 1/2, par. 17-106)

8 Sec. 17-106. Contributor, member or teacher.

9 "Contributor", "member" or "teacher": All members of the  
10 teaching force of the city, including principals, assistant  
11 principals, the general superintendent of schools, deputy  
12 superintendents of schools, associate superintendents of  
13 schools, assistant and district superintendents of schools,  
14 members of the Board of Examiners, all other persons whose  
15 employment requires a teaching certificate issued under the  
16 laws governing the certification of teachers, any  
17 educational, administrative, professional, or other staff  
18 employed in a charter school operating in compliance with the  
19 Charter Schools Law who is certified under the law governing  
20 the certification of teachers, and employees of the Board,  
21 but excluding persons contributing concurrently to any other  
22 public employee pension system in Illinois for the same  
23 employment or receiving retirement pensions under another  
24 Article of this Code for that same employment, persons  
25 employed on an hourly basis, and persons receiving pensions  
26 from the Fund who are employed temporarily by an Employer for  
27 150 ~~100~~ days or less in any school year and not on an annual  
28 basis.

29 In the case of a person who has been making contributions  
30 and otherwise participating in this Fund prior to the  
31 effective date of this amendatory Act of the 91st General

1 Assembly, and whose right to participate in the Fund is  
2 established or confirmed by this amendatory Act, such prior  
3 participation in the Fund, including all contributions  
4 previously made and service credits previously earned by the  
5 person, are hereby validated.

6 The changes made to this Section and Section 17-149 by  
7 this amendatory Act of the 92nd General Assembly apply  
8 without regard to whether the person was in service on or  
9 after the effective date of this amendatory Act,  
10 notwithstanding Sections 1-103.1 and 17-157.

11 (Source: P.A. 90-32, eff. 6-27-97; 90-566, eff. 1-2-98;  
12 91-887, eff. 7-6-00.)

13 (40 ILCS 5/17-116.3)

14 Sec. 17-116.3. Early retirement incentives.

15 (a) A teacher who is covered by a collective bargaining  
16 agreement shall not be eligible for the early retirement  
17 incentives provided under this Section unless the collective  
18 bargaining agent and the Board of Education have entered into  
19 an agreement under which the agent agrees that any payment  
20 for accumulated unused sick days to which the employee is  
21 entitled upon withdrawal from service may be paid by the  
22 Board of Education in installments over a period of up to 5  
23 years, and a copy of this agreement has been filed with the  
24 Board of the Fund.

25 To be eligible for the benefits provided in this Section,  
26 a person must:

- 27 (1) be a member of this Fund who, on or after May  
28 1, 1993, is (i) in active payroll status as a teacher, or  
29 (ii) on layoff status from such a position with a right  
30 of re-employment or recall to service, or (iii) on leave  
31 of absence from such a position, but only if the member  
32 on leave has not been receiving a disability benefit  
33 under this Article for a continuous period of 2 years or

1 more as of the date of application;

2 (2) have not previously received a retirement  
3 pension under this Article;

4 (3) file with the Board and the Board of Education,  
5 before August 15, 1993, a written application requesting  
6 the benefits provided in this Section and a notice of  
7 resignation from employment, which resignation must take  
8 effect before September 1, 1993 unless the applicant's  
9 retirement is delayed under subsection (e), (f), or (f-5)  
10 of this Section;

11 (4) be eligible to receive a retirement pension  
12 under this Article (for which purpose any age enhancement  
13 or creditable service received under this Section may be  
14 used) and elect to receive the retirement pension  
15 beginning no earlier than June 1, 1993 and no later than  
16 September 1, 1993 or the date established under  
17 subsection (e), (f), or (f-5) of this Section, if  
18 applicable;

19 (5) have attained age 50 (without the use of any  
20 age enhancement or creditable service received under this  
21 Section) by the effective date of the retirement pension;

22 (6) have at least 5 years of creditable service  
23 under this Fund or any of the participating systems under  
24 the Retirement Systems Reciprocal Act (without the use of  
25 any creditable service received under this Section) by  
26 the effective date of the retirement pension.

27 (b) An eligible person may establish up to 5 years of  
28 creditable service under this Section. In addition, for each  
29 period of creditable service established under this Section,  
30 a person's age at retirement shall be deemed to be increased  
31 by an equal period.

32 The creditable service established under this Section may  
33 be used for all purposes under this Article and the  
34 Retirement Systems Reciprocal Act, except for the purposes of

1 Section 17-116.1, and the determination of average salary or  
2 compensation under this or any other Article of this Code.

3 The age enhancement established under this Section may be  
4 used for all purposes under this Article (including  
5 calculation of a proportionate pension payable by this Fund  
6 under the Retirement Systems Reciprocal Act), except for  
7 purposes of the reversionary pension under Section 17-120,  
8 and distributions required by federal law on account of age.  
9 However, age enhancement established under this Section shall  
10 not be used in determining benefits payable under other  
11 Articles of this Code under the Retirement Systems Reciprocal  
12 Act.

13 (c) For all creditable service established under this  
14 Section, the employer must pay to the Fund an employer  
15 contribution consisting of 12% of the member's highest annual  
16 full-time rate of compensation for each year of creditable  
17 service granted under this Section.

18 The employer contribution shall be paid to the Fund in  
19 one of the following ways: (i) in a single sum at the time  
20 of the member's retirement, (ii) in equal quarterly  
21 installments over a period of 5 years from the date of  
22 retirement, or (iii) subject to the approval of the Board of  
23 the Fund, in unequal installments over a period of no more  
24 than 5 years from the date of retirement, as provided in a  
25 payment plan designed by the Fund to accommodate the needs of  
26 the employer. The employer's failure to make the required  
27 contributions in a timely manner shall not affect the payment  
28 of the retirement pension.

29 For all creditable service established under this  
30 Section, the employee must pay to the Fund an employee  
31 contribution consisting of 4% of the member's highest annual  
32 salary rate used in the determination of the retirement  
33 pension for each year of creditable service granted under  
34 this Section. The employee contribution shall be deducted

1 from the retirement annuity in 24 monthly installments.

2 (d) An annuitant who has received any age enhancement or  
3 creditable service under this Section and whose pension is  
4 suspended or cancelled under Section 17-149 or 17-150 shall  
5 thereby forfeit the age enhancement and creditable service.  
6 The forfeiture of creditable service under this subsection  
7 shall not entitle the employer to a refund of the employer  
8 contribution paid under this Section, nor to forgiveness of  
9 any part of that contribution that remains unpaid. The  
10 forfeiture of creditable service under this subsection shall  
11 not entitle the employee to a refund of the employee  
12 contribution paid under this Section.

13 (e) If the number of employees of an employer that apply  
14 for early retirement under this Section exceeds 30% of those  
15 eligible, the employer may require that, for any or all of  
16 the number of applicants in excess of that 30%, the starting  
17 date of the retirement pension enhanced under this Section be  
18 no earlier than June 1, 1994 and no later than September 1,  
19 1994. The right to have the retirement pension begin before  
20 June 1, 1994 shall be allocated among the applicants on the  
21 basis of seniority in the service of that employer.

22 This delay applies only to persons who are applying for  
23 early retirement incentives under this Section, and does not  
24 prevent a person whose application for early retirement  
25 incentives has been withdrawn from beginning to receive a  
26 retirement pension on the earliest date upon which the person  
27 is otherwise eligible under this Article.

28 (f) For a member who is notified after July 30, 1993,  
29 but before November 29, 1993, that he or she will become a  
30 supernumerary or reserve teacher in the 1993-1994 school  
31 year: (1) the August 15, 1993 application deadline in  
32 subdivision (a)(3) of this Section is extended to December  
33 14, 1993, (2) the September 1, 1993 deadline in subdivision  
34 (a)(4) of this Section is extended to December 14, 1993, and

1 (3) the member shall not be included in the calculation of  
2 the 30% under subsection (e) and is not subject to delay in  
3 retirement under that subsection.

4 (f-5) For a member who is notified after January 1,  
5 1994, but before March 1, 1994, that he or she will become a  
6 reserve teacher in the 1993-1994 school year: (1) the August  
7 15, 1993 application deadline in subdivision (a)(3) of this  
8 Section is extended to April 1, 1994; (2) the September 1,  
9 1993 deadline in subdivision (a)(4) of this Section is  
10 extended to April 1, 1994; and (3) the member shall not be  
11 included in the calculation of the 30% under subsection (e)  
12 and is not subject to delay in retirement under that  
13 subsection.

14 (g) A member who receives any early retirement incentive  
15 under Section 17-116.4, 17-116.5 or 17-116.6 may not receive  
16 any early retirement incentive under this Section.

17 (h) The version of this Section included in Public Act  
18 88-85 is intended to and shall control over the version of  
19 this Section included in Public Act 88-89, notwithstanding  
20 Section 6 of the Statute on Statutes. All persons qualifying  
21 for early retirement incentives under this Section shall be  
22 subject to the limitations and restrictions provided in the  
23 version of this Section included in Public Act 88-85, as  
24 amended by Public Act 88-511.

25 (i) In addition to the benefits provided under the other  
26 provisions of this Section, every person who receives early  
27 retirement benefits under this Section is entitled to one  
28 additional year of creditable service and a corresponding  
29 year of additional age enhancement, for which no additional  
30 contribution is required. Every person who receives early  
31 retirement benefits under this Section whose retirement  
32 annuity has been calculated on the basis of a 4-year average  
33 salary is also entitled to have the annuity recalculated on  
34 the basis of the average salary for the 3 highest consecutive

1 years within the last 10 years of service.

2 The additional benefits provided by this subsection (i)  
3 shall begin to accrue on the date the retirement annuity  
4 began, notwithstanding Section 17-157. The Fund shall  
5 recalculate all annuities originally calculated under this  
6 Section to reflect the additional benefits provided under  
7 this subsection and shall pay to the annuitant in a lump sum  
8 the difference between the annuity payments paid before the  
9 date of the recalculation and the recalculated amount of  
10 those payments.

11 (Source: P.A. 88-85; 88-89; 88-511; 88-670, eff. 12-2-94.)

12 (40 ILCS 5/17-116.4)

13 Sec. 17-116.4. Early retirement incentives.

14 (a) A teacher who is covered by a collective bargaining  
15 agreement shall not be eligible for the early retirement  
16 incentives provided under this Section unless the collective  
17 bargaining agent and the Board of Education have entered into  
18 an agreement under which the agent agrees that any payment  
19 for accumulated unused sick days to which the employee is  
20 entitled upon withdrawal from service may be paid by the  
21 Board of Education in installments over a period of up to 5  
22 years, and a copy of this agreement has been filed with the  
23 Board of the Fund.

24 To be eligible for the benefits provided in this Section,  
25 a person must:

- 26 (1) be a member of this Fund who, on or after May  
27 1, 1994, is (i) in active payroll status as a teacher, or  
28 (ii) on layoff status from such a position with a right  
29 of re-employment or recall to service, or (iii) on leave  
30 of absence from such a position, but only if the member  
31 on leave has not been receiving a disability benefit  
32 under this Article for a continuous period of 2 years or  
33 more as of the date of application;

1           (2) have not previously received a retirement  
2 pension under this Article;

3           (3) file with the Board and the Board of Education,  
4 before March 1, 1994, a written application requesting  
5 the benefits provided in this Section and a notice of  
6 resignation from employment, which resignation must take  
7 effect no earlier than June 1, 1994 and no later than  
8 September 1, 1994 unless the applicant's retirement is  
9 delayed under subsection (e) of this Section;

10           (4) be eligible to receive a retirement pension  
11 under this Article (for which purpose any age enhancement  
12 or creditable service received under this Section may be  
13 used) and elect to receive the retirement pension  
14 beginning no earlier than June 1, 1994 and no later than  
15 September 1, 1994 or the date established under  
16 subsection (e) of this Section, if applicable;

17           (5) have attained age 50 (without the use of any  
18 age enhancement or creditable service received under this  
19 Section) after September 1, 1993 and no later than  
20 September 1, 1994;

21           (6) have at least 5 years of creditable service  
22 under this Fund or any of the participating systems under  
23 the Retirement Systems Reciprocal Act (without the use of  
24 any creditable service received under this Section) by  
25 the effective date of the retirement pension.

26           (b) An eligible person may establish up to 5 years of  
27 creditable service under this Section. In addition, for each  
28 period of creditable service established under this Section,  
29 a person's age at retirement shall be deemed to be increased  
30 by an equal period.

31           The creditable service established under this Section may  
32 be used for all purposes under this Article and the  
33 Retirement Systems Reciprocal Act, except for the purposes of  
34 Section 17-116.1, and the determination of average salary or

1 compensation under this or any other Article of this Code.

2 The age enhancement established under this Section may be  
3 used for all purposes under this Article (including  
4 calculation of a proportionate pension payable by this Fund  
5 under the Retirement Systems Reciprocal Act), except for  
6 purposes of the reversionary pension under Section 17-120,  
7 and distributions required by federal law on account of age.  
8 However, age enhancement established under this Section shall  
9 not be used in determining benefits payable under other  
10 Articles of this Code under the Retirement Systems Reciprocal  
11 Act.

12 (c) For all creditable service established under this  
13 Section, the employer must pay to the Fund an employer  
14 contribution consisting of 12% of the member's highest annual  
15 full-time rate of compensation for each year of creditable  
16 service granted under this Section.

17 The employer contribution shall be paid to the Fund in  
18 one of the following ways: (i) in a single sum at the time  
19 of the member's retirement, (ii) in equal quarterly  
20 installments over a period of 5 years from the date of  
21 retirement, or (iii) subject to the approval of the Board of  
22 the Fund, in unequal installments over a period of no more  
23 than 5 years from the date of retirement, as provided in a  
24 payment plan designed by the Fund to accommodate the needs of  
25 the employer. The employer's failure to make the required  
26 contributions in a timely manner shall not affect the payment  
27 of the retirement pension.

28 For all creditable service established under this  
29 Section, the employee must pay to the Fund an employee  
30 contribution consisting of 4% of the member's highest annual  
31 salary rate used in the determination of the retirement  
32 pension for each year of creditable service granted under  
33 this Section. The employee contribution shall be deducted  
34 from the retirement annuity in 24 monthly installments.

1           (d) An annuitant who has received any age enhancement or  
2           creditable service under this Section and whose pension is  
3           suspended or cancelled under Section 17-149 or 17-150 shall  
4           thereby forfeit the age enhancement and creditable service.  
5           The forfeiture of creditable service under this subsection  
6           shall not entitle the employer to a refund of the employer  
7           contribution paid under this Section, nor to forgiveness of  
8           any part of that contribution that remains unpaid. The  
9           forfeiture of creditable service under this subsection shall  
10          not entitle the employee to a refund of the employee  
11          contribution paid under this Section.

12          (e) If the number of employees of an employer that apply  
13          for early retirement under this Section exceeds 30% of those  
14          eligible, the employer may require that, for any or all of  
15          the number of applicants in excess of that 30%, the starting  
16          date of the retirement pension enhanced under this Section be  
17          no earlier than June 1, 1995 and no later than September 1,  
18          1995. The right to have the retirement pension begin before  
19          June 1, 1995 shall be allocated among the applicants on the  
20          basis of seniority in the service of that employer.

21          This delay applies only to persons who are applying for  
22          early retirement incentives under this Section, and does not  
23          prevent a person whose application for early retirement  
24          incentives has been withdrawn from beginning to receive a  
25          retirement pension on the earliest date upon which the person  
26          is otherwise eligible under this Article.

27          (f) A member who receives any early retirement incentive  
28          under Section 17-116.3 may not receive any early retirement  
29          incentive under this Section.

30          (g) Notwithstanding Section 17-157, a person who is  
31          receiving early retirement benefits under this Section may  
32          establish service credit for a period of up to 3 weeks during  
33          the month of January, 1968, during which the person was  
34          prevented from working due to civil unrest or a wildcat

1 strike. A person wishing to establish this credit must apply  
 2 in writing to the Board within 30 days after the effective  
 3 date of this amendatory Act of the 92nd General Assembly and  
 4 pay to the Fund an employee contribution calculated at the  
 5 rate and salary applicable to the employee at the time for  
 6 which credit is being established, without interest. When a  
 7 person establishes additional service credit under this  
 8 subsection, the Fund shall recalculate the annuity originally  
 9 granted under this Section to reflect the additional credit  
 10 and shall pay to the annuitant in a lump sum the difference  
 11 between the annuity payments paid before the date of the  
 12 recalculation and the recalculated amount of those payments.  
 13 (Source: P.A. 88-85.)

14 (40 ILCS 5/17-119.1)

15 Sec. 17-119.1. Optional increase in retirement annuity.

16 (a) A member of the Fund may qualify for the augmented  
 17 rate under subdivision (b)(3) of Section 17-116 for all years  
 18 of creditable service earned before July 1, 1998 by making  
 19 the optional contribution specified in subsection (b); except  
 20 that a member who retires on or after July 1, 1998 with at  
 21 least 30 years of creditable service at retirement qualifies  
 22 for the augmented rate without making any contribution under  
 23 subsection (b). Any member who retires on or after July 1,  
 24 1998 and before the effective date of this amendatory Act of  
 25 the 92nd General Assembly with at least 30 years of  
 26 creditable service shall be paid a lump sum equal to the  
 27 amount he or she would have received under the augmented rate  
 28 minus the amount he or she actually received. A member may  
 29 not elect to qualify for the augmented rate for only a  
 30 portion of his or her creditable service earned before July  
 31 1, 1998.

32 (b) The contribution shall be an amount equal to 1.0% of  
 33 the member's highest salary rate in the 4 consecutive school

1 years immediately prior to but not including the school year  
2 in which the application occurs, multiplied by the number of  
3 years of creditable service earned by the member before July  
4 1, 1998 or 20, whichever is less. This contribution shall be  
5 reduced by 1.0% of that salary rate for every 3 full years of  
6 creditable service earned by the member after June 30, 1998.  
7 The contribution shall be further reduced at the rate of 25%  
8 of the contribution (as reduced for service after June 30,  
9 1998) for each year of the member's total creditable service  
10 in excess of 34 years. The contribution shall not in any  
11 event exceed 20% of that salary rate.

12 The member shall pay to the Fund the amount of the  
13 contribution as calculated at the time of application under  
14 this Section. The amount of the contribution determined  
15 under this subsection shall be recalculated at the time of  
16 retirement, and if the Fund determines that the amount paid  
17 by the member exceeds the recalculated amount, the Fund shall  
18 refund the difference to the member with regular interest  
19 from the date of payment to the date of refund.

20 The contribution required by this subsection shall be  
21 paid in one of the following ways or in a combination of the  
22 following ways that does not extend over more than 5 years:

23 (i) in a lump sum on or before the date of  
24 retirement;

25 (ii) in substantially equal installments over a  
26 period of time not to exceed 5 years, as a deduction from  
27 salary in accordance with Section 17-130.2;

28 (iii) if the member becomes an annuitant before  
29 June 30, 2003, in substantially equal monthly  
30 installments over a 24-month period, by a deduction from  
31 the annuitant's monthly benefit.

32 (c) If the member fails to make the full contribution  
33 under this Section in a timely fashion, the payments made  
34 under this Section shall be refunded to the member, without

1 interest. If the member dies before making the full  
2 contribution, the payments made under this Section shall be  
3 refunded to the member's designated beneficiary.

4 (d) For purposes of this Section and subsection (b) of  
5 Section 17-116, optional creditable service established by a  
6 member shall be deemed to have been earned at the time of the  
7 employment or other qualifying event upon which the service  
8 is based, rather than at the time the credit was established  
9 in this Fund.

10 (e) The contributions required under this Section are  
11 the responsibility of the teacher and not the teacher's  
12 employer. However, an employer of teachers may, after the  
13 effective date of this amendatory Act of 1998, specifically  
14 agree, through collective bargaining or otherwise, to make  
15 the contributions required by this Section on behalf of those  
16 teachers.

17 (Source: P.A. 90-582, eff. 5-27-98; 91-17, eff. 6-4-99.)

18 (40 ILCS 5/17-121) (from Ch. 108 1/2, par. 17-121)

19 Sec. 17-121. Survivor's and Children's pensions -  
20 Eligibility. A surviving spouse of a teacher shall be  
21 entitled to a survivor's pension only if he was married to  
22 the contributor for at least 1 1/2 years immediately prior to  
23 his death or retirement, whichever first occurs, and also on  
24 the date of the last termination of his service.

25 If the surviving spouse is under age 50 and there are no  
26 eligible minor children born to or legally adopted by the  
27 contributor and his surviving spouse, payment of the  
28 survivor's pension shall begin when the surviving spouse  
29 attains age 50.

30 Remarriage of the surviving spouse prior to September 1,  
31 1983 while in receipt of a survivor's pension shall  
32 permanently terminate payment thereof, regardless of any  
33 subsequent change in marital status; however, beginning

1 September 1, 1983, remarriage of a surviving spouse after  
2 attainment of age 55 shall not terminate the survivor's  
3 pension.

4 A surviving spouse whose pension was terminated on or  
5 after September 1, 1983 due to remarriage after attainment of  
6 age 55, and who applies for reinstatement of that pension  
7 before January 1, 1990, shall be entitled to have the pension  
8 reinstated effective January 1, 1990.

9 A surviving spouse of a member or annuitant under this  
10 Fund who is also a dependent beneficiary under the provisions  
11 of Section 16-140 is eligible for a reciprocal survivor's  
12 pension, provided that any refund of survivor's pension  
13 contributions is repaid to the Fund and application is made  
14 within 30 days after the effective date of this amendatory  
15 Act of the 92nd General Assembly.

16 (Source: P.A. 86-273.)

17 (40 ILCS 5/17-149) (from Ch. 108 1/2, par. 17-149)

18 Sec. 17-149. Cancellation of pensions. If any person  
19 receiving a service or disability retirement pension from the  
20 Fund is re-employed as a teacher by an Employer, the pension  
21 shall be cancelled on the date the re-employment begins, or  
22 on the first day of a payroll period for which service credit  
23 was validated, whichever is earlier. However, beginning  
24 August--23,--1989, the pension shall not be cancelled in case  
25 of a service retirement pensioner who is temporarily  
26 re-employed for not more than 150 ~~100~~ days during any school  
27 year or on an hourly basis, provided the pensioner does not  
28 receive salary in any school year of an amount more than that  
29 payable to a substitute teacher for 150 ~~100~~ days' employment.  
30 A service retirement pensioner who is temporarily re-employed  
31 for not more than 150 ~~100~~ days during any school year or on  
32 an hourly basis shall be entitled, at the end of the school  
33 year, to a refund of any contributions made to the Fund

1 during that school year.

2 If the pensioner does receive salary from an Employer in  
3 any school year for more than 150 100 days' employment, the  
4 pensioner shall be deemed to have returned to service on the  
5 first day of employment as a pensioner-substitute. The  
6 pensioner shall reimburse the Fund for pension payments  
7 received after the return to service and shall pay to the  
8 Fund the participant's contributions prescribed in Section  
9 17-130 of this Article.

10 If the date of re-employment occurs within 5 school  
11 months after the date of previous retirement, exclusive of  
12 any vacation period, the member shall be deemed to have been  
13 out of service only temporarily and not permanently retired.  
14 Such person shall be entitled to pension payments for the  
15 time he could have been employed as a teacher and received  
16 salary, but shall not be entitled to pension for or during  
17 the summer vacation prior to his return to service.

18 When the member again retires on pension, the time of  
19 service and the money contributed by him during re-employment  
20 shall be added to the time and money previously credited.  
21 Such person must acquire 3 consecutive years of additional  
22 contributing service before he may retire again on a pension  
23 at a rate and under conditions other than those in force or  
24 attained at the time of his previous retirement.

25 Notwithstanding Sections 1-103.1 and 17-157, the changes  
26 to this Section made by this amendatory Act of 1997 shall  
27 apply without regard to whether termination of service  
28 occurred before the effective date of this amendatory Act and  
29 shall apply retroactively to August 23, 1989.

30 (Source: P.A. 90-32, eff. 6-27-97; 90-566, eff. 1-2-98.)

31 Section 90. The State Mandates Act is amended by adding  
32 Section 8.25 as follows:

1 (30 ILCS 805/8.25 new)  
2 Sec. 8.25. Exempt mandate. Notwithstanding Sections 6  
3 and 8 of this Act, no reimbursement by the State is required  
4 for the implementation of any mandate created by this  
5 amendatory Act of the 92nd General Assembly.

6 Section 99. Effective date. This Act takes effect upon  
7 becoming law.