- 1 AMENDMENT TO HOUSE BILL 2662
- 2 AMENDMENT NO. \_\_\_\_. Amend House Bill 2662 by replacing
- 3 the title with the following:
- 4 "AN ACT in relation to public employee benefits."; and
- 5 by replacing everything after the enacting clause with the
- 6 following:
- 7 "Section 5. The Illinois Pension Code is amended by
- 8 changing Sections 17-106, 17-116.3, 17-116.4, 17-119.1,
- 9 17-121, and 17-149 as follows:
- 10 (40 ILCS 5/17-106) (from Ch. 108 1/2, par. 17-106)
- 11 Sec. 17-106. Contributor, member or teacher.
- "Contributor", "member" or "teacher": All members of the
- 13 teaching force of the city, including principals, assistant
- 14 principals, the general superintendent of schools, deputy
- 15 superintendents of schools, associate superintendents of
- 16 schools, assistant and district superintendents of schools,
- 17 members of the Board of Examiners, all other persons whose
- 18 employment requires a teaching certificate issued under the
- 19 laws governing the certification of teachers, any
- 20 educational, administrative, professional, or other staff
- 21 employed in a charter school operating in compliance with the

- 1 Charter Schools Law who is certified under the law governing
- 2 the certification of teachers, and employees of the Board,
- 3 but excluding persons contributing concurrently to any other
- 4 public employee pension system in Illinois for the same
- 5 employment or receiving retirement pensions under another
- 6 Article of this Code for that same employment, persons
- 7 employed on an hourly basis, and persons receiving pensions
- 8 from the Fund who are employed temporarily by an Employer for
- 9 150 100 days or less in any school year and not on an annual
- 10 basis.
- In the case of a person who has been making contributions
- 12 and otherwise participating in this Fund prior to the
- 13 effective date of this amendatory Act of the 91st General
- 14 Assembly, and whose right to participate in the Fund is
- 15 established or confirmed by this amendatory Act, such prior
- 16 participation in the Fund, including all contributions
- 17 previously made and service credits previously earned by the
- 18 person, are hereby validated.
- 19 The changes made to this Section and Section 17-149 by
- 20 this amendatory Act of the 92nd General Assembly apply
- 21 <u>without regard to whether the person was in service on or</u>
- 22 <u>after the effective date of this amendatory Act</u>,
- 23 <u>notwithstanding Sections 1-103.1 and 17-157.</u>
- 24 (Source: P.A. 90-32, eff. 6-27-97; 90-566, eff. 1-2-98;
- 25 91-887, eff. 7-6-00.)
- 26 (40 ILCS 5/17-116.3)
- 27 Sec. 17-116.3. Early retirement incentives.
- 28 (a) A teacher who is covered by a collective bargaining
- 29 agreement shall not be eligible for the early retirement
- 30 incentives provided under this Section unless the collective
- 31 bargaining agent and the Board of Education have entered into
- 32 an agreement under which the agent agrees that any payment
- 33 for accumulated unused sick days to which the employee is

- 1 entitled upon withdrawal from service may be paid by the
- 2 Board of Education in installments over a period of up to 5
- 3 years, and a copy of this agreement has been filed with the
- 4 Board of the Fund.
- 5 To be eligible for the benefits provided in this Section,
- 6 a person must:
- 7 (1) be a member of this Fund who, on or after May
- 8 1, 1993, is (i) in active payroll status as a teacher, or
- 9 (ii) on layoff status from such a position with a right
- of re-employment or recall to service, or (iii) on leave
- of absence from such a position, but only if the member
- on leave has not been receiving a disability benefit
- under this Article for a continuous period of 2 years or
- more as of the date of application;
- 15 (2) have not previously received a retirement
- 16 pension under this Article;
- 17 (3) file with the Board and the Board of Education,
- 18 before August 15, 1993, a written application requesting
- 19 the benefits provided in this Section and a notice of
- 20 resignation from employment, which resignation must take
- effect before September 1, 1993 unless the applicant's
- retirement is delayed under subsection (e), (f), or (f-5)
- of this Section;
- 24 (4) be eligible to receive a retirement pension
- under this Article (for which purpose any age enhancement
- or creditable service received under this Section may be
- 27 used) and elect to receive the retirement pension
- beginning no earlier than June 1, 1993 and no later than
- 29 September 1, 1993 or the date established under
- 30 subsection (e), (f), or (f-5) of this Section, if
- 31 applicable;
- 32 (5) have attained age 50 (without the use of any
- 33 age enhancement or creditable service received under this
- 34 Section) by the effective date of the retirement pension;

- 1 (6) have at least 5 years of creditable service 2 under this Fund or any of the participating systems under 3 the Retirement Systems Reciprocal Act (without the use of 4 any creditable service received under this Section) by 5 the effective date of the retirement pension.
- 6 (b) An eligible person may establish up to 5 years of 7 creditable service under this Section. In addition, for each 8 period of creditable service established under this Section, 9 a person's age at retirement shall be deemed to be increased 10 by an equal period.
- The creditable service established under this Section may
  be used for all purposes under this Article and the
  Retirement Systems Reciprocal Act, except for the purposes of
  Section 17-116.1, and the determination of average salary or
  compensation under this or any other Article of this Code.
- 16 The age enhancement established under this Section may be used for all purposes under this Article (including 17 calculation of a proportionate pension payable by this Fund 18 19 under the Retirement Systems Reciprocal Act), except for purposes of the reversionary pension under Section 17-120, 20 2.1 and distributions required by federal law on account of age. However, age enhancement established under this Section shall 22 23 not be used in determining benefits payable under other Articles of this Code under the Retirement Systems Reciprocal 24 25 Act.
  - (c) For all creditable service established under this Section, the employer must pay to the Fund an employer contribution consisting of 12% of the member's highest annual full-time rate of compensation for each year of creditable service granted under this Section.

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The employer contribution shall be paid to the Fund in one of the following ways: (i) in a single sum at the time of the member's retirement, (ii) in equal quarterly installments over a period of 5 years from the date of 1 retirement, or (iii) subject to the approval of the Board of

2 the Fund, in unequal installments over a period of no more

than 5 years from the date of retirement, as provided in a

4 payment plan designed by the Fund to accommodate the needs of

the employer. The employer's failure to make the required

contributions in a timely manner shall not affect the payment

7 of the retirement pension.

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

An annuitant who has received any age enhancement or creditable service under this Section and whose pension is suspended or cancelled under Section 17-149 or 17-150 shall thereby forfeit the age enhancement and creditable service. The forfeiture of creditable service under this subsection shall not entitle the employer to a refund of the employer contribution paid under this Section, nor to forgiveness of any part of that contribution that remains unpaid. The forfeiture of creditable service under this subsection shall

not entitle the employee to a refund of the employee

contribution paid under this Section.

If the number of employees of an employer that apply for early retirement under this Section exceeds 30% of those 27 eligible, the employer may require that, for any or all 28 the number of applicants in excess of that 30%, the starting 30 date of the retirement pension enhanced under this Section be no earlier than June 1, 1994 and no later than September 1, 31 32 1994. The right to have the retirement pension begin before 33 June 1, 1994 shall be allocated among the applicants on the basis of seniority in the service of that employer. 34

- 1 This delay applies only to persons who are applying for
- 2 early retirement incentives under this Section, and does not
- 3 prevent a person whose application for early retirement
- 4 incentives has been withdrawn from beginning to receive a
- 5 retirement pension on the earliest date upon which the person
- 6 is otherwise eligible under this Article.
- 7 (f) For a member who is notified after July 30, 1993,
- 8 but before November 29, 1993, that he or she will become a
- 9 supernumerary or reserve teacher in the 1993-1994 school
- 10 year: (1) the August 15, 1993 application deadline in
- 11 subdivision (a)(3) of this Section is extended to December
- 12 14, 1993, (2) the September 1, 1993 deadline in subdivision
- 13 (a)(4) of this Section is extended to December 14, 1993, and
- 14 (3) the member shall not be included in the calculation of
- 15 the 30% under subsection (e) and is not subject to delay in
- 16 retirement under that subsection.
- 17 (f-5) For a member who is notified after January 1,
- 18 1994, but before March 1, 1994, that he or she will become a
- 19 reserve teacher in the 1993-1994 school year: (1) the August
- 20 15, 1993 application deadline in subdivision (a)(3) of this
- 21 Section is extended to April 1, 1994; (2) the September 1,
- 22 1993 deadline in subdivision (a)(4) of this Section is
- extended to April 1, 1994; and (3) the member shall not be
- included in the calculation of the 30% under subsection (e)
- 25 and is not subject to delay in retirement under that
- 26 subsection.
- 27 (g) A member who receives any early retirement incentive
- 28 under Section 17-116.4, 17-116.5 or 17-116.6 may not receive
- 29 any early retirement incentive under this Section.
- 30 (h) The version of this Section included in Public Act
- 31 88-85 is intended to and shall control over the version of
- 32 this Section included in Public Act 88-89, notwithstanding
- 33 Section 6 of the Statute on Statutes. All persons qualifying
- 34 for early retirement incentives under this Section shall be

- 1 subject to the limitations and restrictions provided in the
- 2 version of this Section included in Public Act 88-85, as
- 3 amended by Public Act 88-511.
- 4 (i) In addition to the benefits provided under the other
- 5 provisions of this Section, every person who receives early
- 6 retirement benefits under this Section is entitled to one
- 7 <u>additional year of creditable service and a corresponding</u>
- 8 year of additional age enhancement, for which no additional
- 9 <u>contribution is required. Every person who receives early</u>
- 10 retirement benefits under this Section whose retirement
- 11 <u>annuity</u> has been calculated on the basis of a 4-year average
- 12 salary is also entitled to have the annuity recalculated on
- 13 the basis of the average salary for the 3 highest consecutive
- 14 years within the last 10 years of service.
- The additional benefits provided by this subsection (i)
- 16 shall begin to accrue on the date the retirement annuity
- 17 began, notwithstanding Section 17-157. The Fund shall
- 18 <u>recalculate all annuities originally calculated under this</u>
- 19 <u>Section to reflect the additional benefits provided under</u>
- 20 this subsection and shall pay to the annuitant in a lump sum
- 21 the difference between the annuity payments paid before the
- 22 <u>date of the recalculation and the recalculated amount of</u>
- 23 <u>those payments.</u>
- 24 (Source: P.A. 88-85; 88-89; 88-511; 88-670, eff. 12-2-94.)
- 25 (40 ILCS 5/17-116.4)
- Sec. 17-116.4. Early retirement incentives.
- 27 (a) A teacher who is covered by a collective bargaining
- 28 agreement shall not be eligible for the early retirement
- 29 incentives provided under this Section unless the collective
- 30 bargaining agent and the Board of Education have entered into
- 31 an agreement under which the agent agrees that any payment
- 32 for accumulated unused sick days to which the employee is
- 33 entitled upon withdrawal from service may be paid by the

- 1 Board of Education in installments over a period of up to 5
- 2 years, and a copy of this agreement has been filed with the
- 3 Board of the Fund.
- 4 To be eligible for the benefits provided in this Section,
- 5 a person must:

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- 6 (1) be a member of this Fund who, on or after May
- 7 1, 1994, is (i) in active payroll status as a teacher, or
- 8 (ii) on layoff status from such a position with a right
- 9 of re-employment or recall to service, or (iii) on leave
- of absence from such a position, but only if the member
- on leave has not been receiving a disability benefit
- under this Article for a continuous period of 2 years or
- more as of the date of application;
  - (2) have not previously received a retirement
- 15 pension under this Article;
- 16 (3) file with the Board and the Board of Education,
- before March 1, 1994, a written application requesting
- 18 the benefits provided in this Section and a notice of
- 19 resignation from employment, which resignation must take
- 20 effect no earlier than June 1, 1994 and no later than
- 21 September 1, 1994 unless the applicant's retirement is
- delayed under subsection (e) of this Section;
- 23 (4) be eligible to receive a retirement pension
- under this Article (for which purpose any age enhancement
- or creditable service received under this Section may be
- 26 used) and elect to receive the retirement pension
- beginning no earlier than June 1, 1994 and no later than
- 28 September 1, 1994 or the date established under
- subsection (e) of this Section, if applicable;
- 30 (5) have attained age 50 (without the use of any
- 31 age enhancement or creditable service received under this
- 32 Section) after September 1, 1993 and no later than
- 33 September 1, 1994;
- 34 (6) have at least 5 years of creditable service

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under this Fund or any of the participating systems under the Retirement Systems Reciprocal Act (without the use of any creditable service received under this Section) by

the effective date of the retirement pension.

- 5 (b) An eligible person may establish up to 5 years of 6 creditable service under this Section. In addition, for each 7 period of creditable service established under this Section, 8 a person's age at retirement shall be deemed to be increased 9 by an equal period.
- The creditable service established under this Section may
  be used for all purposes under this Article and the
  Retirement Systems Reciprocal Act, except for the purposes of
  Section 17-116.1, and the determination of average salary or
  compensation under this or any other Article of this Code.
- 15 The age enhancement established under this Section may be 16 all purposes under this Article (including calculation of a proportionate pension payable by this Fund 17 under the Retirement Systems Reciprocal Act), except for 18 19 purposes of the reversionary pension under Section 17-120, and distributions required by federal law on account of age. 20 21 However, age enhancement established under this Section shall 22 not be used in determining benefits payable under other 23 Articles of this Code under the Retirement Systems Reciprocal 24 Act.
  - (c) For all creditable service established under this Section, the employer must pay to the Fund an employer contribution consisting of 12% of the member's highest annual full-time rate of compensation for each year of creditable service granted under this Section.
- The employer contribution shall be paid to the Fund in one of the following ways: (i) in a single sum at the time of the member's retirement, (ii) in equal quarterly installments over a period of 5 years from the date of retirement, or (iii) subject to the approval of the Board of

1 the Fund, in unequal installments over a period of no more

than 5 years from the date of retirement, as provided in a

payment plan designed by the Fund to accommodate the needs of

4 the employer. The employer's failure to make the required

contributions in a timely manner shall not affect the payment

of the retirement pension.

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

from the retirement annuity in 24 monthly installments.

- (d) An annuitant who has received any age enhancement or creditable service under this Section and whose pension is suspended or cancelled under Section 17-149 or 17-150 shall thereby forfeit the age enhancement and creditable service. The forfeiture of creditable service under this subsection shall not entitle the employer to a refund of the employer contribution paid under this Section, nor to forgiveness of any part of that contribution that remains unpaid. The forfeiture of creditable service under this subsection shall not entitle the employee to a refund of the employee contribution paid under this Section.
- (e) If the number of employees of an employer that apply for early retirement under this Section exceeds 30% of those eligible, the employer may require that, for any or all of the number of applicants in excess of that 30%, the starting date of the retirement pension enhanced under this Section be no earlier than June 1, 1995 and no later than September 1, 1995. The right to have the retirement pension begin before June 1, 1995 shall be allocated among the applicants on the basis of seniority in the service of that employer.

34 This delay applies only to persons who are applying for

- 1 early retirement incentives under this Section, and does not
- 2 prevent a person whose application for early retirement
- 3 incentives has been withdrawn from beginning to receive a
- 4 retirement pension on the earliest date upon which the person
- 5 is otherwise eligible under this Article.
- 6 (f) A member who receives any early retirement incentive
- 7 under Section 17-116.3 may not receive any early retirement
- 8 incentive under this Section.
- 9 (g) Notwithstanding Section 17-157, a person who is
- 10 receiving early retirement benefits under this Section may
- 11 <u>establish service credit for a period of up to 3 weeks during</u>
- 12 the month of January, 1968, during which the person was
- 13 prevented from working due to civil unrest or a wildcat
- 14 strike. A person wishing to establish this credit must apply
- in writing to the Board within 30 days after the effective
- 16 <u>date of this amendatory Act of the 92nd General Assembly and</u>
- 17 pay to the Fund an employee contribution calculated at the
- 18 rate and salary applicable to the employee at the time for
- 19 which credit is being established, without interest. When a
- 20 <u>person establishes additional service credit under this</u>
- 21 <u>subsection</u>, the Fund shall recalculate the annuity originally
- 22 granted under this Section to reflect the additional credit

and shall pay to the annuitant in a lump sum the difference

between the annuity payments paid before the date of the

- 25 recalculation and the recalculated amount of those payments.
- 26 (Source: P.A. 88-85.)

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- 27 (40 ILCS 5/17-119.1)
- Sec. 17-119.1. Optional increase in retirement annuity.
- 29 (a) A member of the Fund may qualify for the augmented
- 30 rate under subdivision (b)(3) of Section 17-116 for all years
- 31 of creditable service earned before July 1, 1998 by making
- 32 the optional contribution specified in subsection (b); except
- 33 that a member who retires on or after July 1, 1998 with at

- 1 <u>least 30 years of creditable service at retirement qualifies</u>
- 2 for the augmented rate without making any contribution under
- 3 <u>subsection (b). Any member who retires on or after July 1,</u>
- 4 1998 and before the effective date of this amendatory Act of
- 5 the 92nd General Assembly with at least 30 years of
- 6 <u>creditable service shall be paid a lump sum equal to the</u>
- 7 amount he or she would have received under the augmented rate
- 8 <u>minus the amount he or she actually received.</u> A member may
- 9 not elect to qualify for the augmented rate for only a
- 10 portion of his or her creditable service earned before July
- 11 1, 1998.
- 12 (b) The contribution shall be an amount equal to 1.0% of
- 13 the member's highest salary rate in the 4 consecutive school
- 14 years immediately prior to but not including the school year
- in which the application occurs, multiplied by the number of
- 16 years of creditable service earned by the member before July
- 17 1, 1998 or 20, whichever is less. This contribution shall be
- 18 reduced by 1.0% of that salary rate for every 3 full years of
- 19 creditable service earned by the member after June 30, 1998.
- 20 The contribution shall be further reduced at the rate of 25%
- of the contribution (as reduced for service after June 30,
- 22 1998) for each year of the member's total creditable service
- 23 in excess of 34 years. The contribution shall not in any
- event exceed 20% of that salary rate.
- 25 The member shall pay to the Fund the amount of the
- 26 contribution as calculated at the time of application under
- 27 this Section. The amount of the contribution determined
- 28 under this subsection shall be recalculated at the time of
- 29 retirement, and if the Fund determines that the amount paid
- 30 by the member exceeds the recalculated amount, the Fund shall
- 31 refund the difference to the member with regular interest
- from the date of payment to the date of refund.
- 33 The contribution required by this subsection shall be
- 34 paid in one of the following ways or in a combination of the

- 1 following ways that does not extend over more than 5 years:
- 2 (i) in a lump sum on or before the date of 3 retirement;
- 4 (ii) in substantially equal installments over a 5 period of time not to exceed 5 years, as a deduction from 6 salary in accordance with Section 17-130.2;
- 7 (iii) if the member becomes an annuitant before 8 June 30, 2003, in substantially equal monthly 9 installments over a 24-month period, by a deduction from 10 the annuitant's monthly benefit.
- 11 (c) If the member fails to make the full contribution 12 under this Section in a timely fashion, the payments made 13 under this Section shall be refunded to the member, without 14 interest. If the member dies before making the full 15 contribution, the payments made under this Section shall be 16 refunded to the member's designated beneficiary.
- (d) For purposes of this Section and subsection (b) of Section 17-116, optional creditable service established by a member shall be deemed to have been earned at the time of the employment or other qualifying event upon which the service is based, rather than at the time the credit was established in this Fund.
- (e) The contributions required under this Section are
  the responsibility of the teacher and not the teacher's
  employer. However, an employer of teachers 3ay, after the
  effective date of this amendatory Act of 1998, specifically
  agree, through collective bargaining or otherwise, to make
  the contributions required by this Section on behalf of those
  teachers.
- 30 (Source: P.A. 90-582, eff. 5-27-98; 91-17, eff. 6-4-99.)
- 31 (40 ILCS 5/17-121) (from Ch. 108 1/2, par. 17-121)
- 32 Sec. 17-121. Survivor's and Children's pensions -
- 33 Eligibility. A surviving spouse of a teacher shall be

- 1 entitled to a survivor's pension only if he was married to
- 2 the contributor for at least 1 1/2 years immediately prior to
- 3 his death or retirement, whichever first occurs, and also on
- 4 the date of the last termination of his service.
- 5 If the surviving spouse is under age 50 and there are no
- 6 eligible minor children born to or legally adopted by the
- 7 contributor and his surviving spouse, payment of the
- 8 survivor's pension shall begin when the surviving spouse
- 9 attains age 50.
- 10 Remarriage of the surviving spouse prior to September 1,
- 11 1983 while in receipt of a survivor's pension shall
- 12 permanently terminate payment thereof, regardless of any
- 13 subsequent change in marital status; however, beginning
- 14 September 1, 1983, remarriage of a surviving spouse after
- 15 attainment of age 55 shall not terminate the survivor's
- 16 pension.
- 17 A surviving spouse whose pension was terminated on or
- 18 after September 1, 1983 due to remarriage after attainment of
- 19 age 55, and who applies for reinstatement of that pension
- 20 before January 1, 1990, shall be entitled to have the pension
- 21 reinstated effective January 1, 1990.
- 22 <u>A surviving spouse of a member or annuitant under this</u>
- 23 <u>Fund who is also a dependent beneficiary under the provisions</u>
- 24 <u>of Section 16-140 is eligible for a reciprocal survivor's</u>
- 25 pension, provided that any refund of survivor's pension
- 26 <u>contributions</u> is repaid to the Fund and application is made
- 27 <u>within 30 days after the effective date of this amendatory</u>
- 28 <u>Act of the 92nd General Assembly.</u>
- 29 (Source: P.A. 86-273.)
- 30 (40 ILCS 5/17-149) (from Ch. 108 1/2, par. 17-149)
- 31 Sec. 17-149. Cancellation of pensions. If any person
- 32 receiving a service or disability retirement pension from the
- Fund is re-employed as a teacher by an Employer, the pension

shall be cancelled on the date the re-employment begins, or on the first day of a payroll period for which service credit was validated, whichever is earlier. However, beginning August--23,--1989, the pension shall not be cancelled in case of a service retirement pensioner who is temporarily re-employed for not more than 150 100 days during any school year or on an hourly basis, provided the pensioner does not receive salary in any school year of an amount more than that payable to a substitute teacher for 150 100 days' employment. A service retirement pensioner who is temporarily re-employed for not more than  $\underline{150}$   $\underline{100}$  days during any school year or on an hourly basis shall be entitled, at the end of the school year, to a refund of any contributions made to the Fund 

during that school year.

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

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

When the member again retires on pension, the time of service and the money contributed by him during re-employment shall be added to the time and money previously credited. Such person must acquire 3 consecutive years of additional

- 1 contributing service before he may retire again on a pension
- 2 at a rate and under conditions other than those in force or
- 3 attained at the time of his previous retirement.
- 4 Notwithstanding Sections 1-103.1 and 17-157, the changes
- 5 to this Section made by this amendatory Act of 1997 shall
- 6 apply without regard to whether termination of service
- 7 occurred before the effective date of this amendatory Act and
- 8 shall apply retroactively to August 23, 1989.
- 9 (Source: P.A. 90-32, eff. 6-27-97; 90-566, eff. 1-2-98.)
- 10 Section 90. The State Mandates Act is amended by adding
- 11 Section 8.25 as follows:
- 12 (30 ILCS 805/8.25 new)
- Sec. 8.25. Exempt mandate. Notwithstanding Sections 6
- 14 and 8 of this Act, no reimbursement by the State is required
- 15 for the implementation of any mandate created by this
- amendatory Act of the 92nd General Assembly.
- 17 Section 99. Effective date. This Act takes effect upon
- 18 becoming law.".