

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 16-113, 16-129.1, 16-133.2, 16-149.2,
6 16-150, 16-151, 16-182, 16-184, 16-185, and 16-186.3 as
7 follows:

8 (40 ILCS 5/16-113) (from Ch. 108 1/2, par. 16-113)

9 Sec. 16-113. Accumulated contributions. "Accumulated
10 contributions": The sum of all contributions to this System
11 made by or on behalf of a member in respect to membership
12 service and credited to his or her account in the Benefit
13 Trust Reserve Members'--Contribution-Reserve, together with
14 regular interest thereon.

15 (Source: P.A. 83-1440.)

16 (40 ILCS 5/16-129.1)

17 Sec. 16-129.1. Optional increase in retirement annuity.

18 (a) A member of the System may qualify for the augmented
19 rate under subdivision (a)(B)(1) of Section 16-133 for all
20 years of creditable service earned before July 1, 1998 by
21 making the optional contribution specified in subsection (b).
22 A member may not elect to qualify for the augmented rate for
23 only a portion of his or her creditable service earned before
24 July 1, 1998.

25 (b) The contribution shall be an amount equal to 1.0% of
26 the member's highest salary rate in the 4 consecutive school
27 years immediately prior to but not including the school year
28 in which the application occurs, multiplied by the number of
29 years of creditable service earned by the member before July
30 1, 1998 or 20, whichever is less. This contribution shall be

1 reduced by 1.0% of that salary rate for every 3 full years of
2 creditable service earned by the member after June 30, 1998.
3 The contribution shall be further reduced at the rate of 25%
4 of the contribution (as reduced for service after June 30,
5 1998) for each year of the member's total creditable service
6 in excess of 34 years. The contribution shall not in any
7 event exceed 20% of that salary rate.

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

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

19 (i) in a lump sum on or before the date of
20 retirement;

21 (ii) in substantially equal installments over a
22 period of time not to exceed 5 years, as a deduction from
23 salary in accordance with subsection (b) of Section
24 16-154;

25 ~~(iii) if the member becomes an annuitant before~~
26 ~~June 30, 2003,~~ in substantially equal monthly
27 installments over a 24-month period, by reducing the
28 annuitant's monthly benefit over a 24-month period by the
29 amount of the otherwise applicable contribution. For
30 federal and Illinois tax purposes, the monthly amount by
31 which the annuitant's benefit is reduced shall not be
32 treated as a contribution by the annuitant, but rather as
33 a reduction of the annuitant's monthly benefit.

34 (c) If the member fails to make the full contribution

1 under this Section in a timely fashion, the payments made
2 under this Section shall be refunded to the member, without
3 interest. If the member dies before making the full
4 contribution, the payments made under this Section, together
5 with regular interest thereon, shall be refunded to the
6 member's designated beneficiary for benefits under Section
7 16-138.

8 (d) For purposes of this Section and subdivision
9 (a)(B)(1) of Section 16-133, optional creditable service
10 established by a member shall be deemed to have been earned
11 at the time of the employment or other qualifying event upon
12 which the service is based, rather than at the time the
13 credit was established in this System.

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

21 (f) A person who, on or after July 1, 1998 and before
22 June 4, 1999, began receiving a retirement annuity calculated
23 at the augmented rate may apply in writing to have the
24 annuity recalculated to reflect the changes to this Section
25 and Section 16-133 that were enacted in Public Act 91-17.
26 The amount of any resulting decrease in the optional
27 contribution shall be refunded to the annuitant, without
28 interest. Any resulting increase in retirement annuity shall
29 take effect on the next annuity payment date following the
30 date of application under this subsection.

31 (Source: P.A. 91-17, eff. 6-4-99; 92-416, eff. 8-17-01.)

32 (40 ILCS 5/16-133.2) (from Ch. 108 1/2, par. 16-133.2)

33 Sec. 16-133.2. Early retirement without discount. A

1 member retiring after June 1, 1980 and on or before June 30,
2 2005, and applying for a retirement annuity within 6 months
3 of the last day of teaching for which retirement
4 contributions were required, may elect at the time of
5 application for a retirement annuity, to make a one time
6 member contribution to the System and thereby avoid the
7 reduction in the retirement annuity for retirement before age
8 60 specified in paragraph (B) of Section 16-133. The
9 exercise of the election shall also obligate the last
10 employer to make a one time non-refundable contribution to
11 the System. Substitute teachers wishing to exercise this
12 election must teach 85 or more days in one school term with
13 one employer, who shall be deemed the last employer for
14 purposes of this Section. The last day of teaching with that
15 employer must be within 6 months of the date of application
16 for retirement. All substitute teaching credit applied
17 toward the required 85 days must be earned after June 30,
18 1990.

19 The one time member and employer contributions shall be a
20 percentage of the retiring member's highest annual salary
21 rate used in the determination of the average salary for
22 retirement annuity purposes. However, when determining the
23 one-time member and employer contributions, that part of a
24 member's salary with the same employer which exceeds the
25 annual salary rate for the preceding year by more than 20%
26 shall be excluded. The member contribution shall be at the
27 rate of 7% for the lesser of the following 2 periods: (1)
28 for each year that the member is less than age 60; or (2) for
29 each year that the member's creditable service is less than
30 35 years. If a member is at least age 55 and has at least 34
31 years of creditable service, no member or employer
32 contribution for the early retirement option shall be
33 required. The employer contribution shall be at the rate of
34 20% for each year the member is under age 60.

1 Upon receipt of the application and election, the System
2 shall determine the one time employee and employer
3 contributions required. The member contribution shall be
4 credited to the individual account of the member and the
5 employer contribution shall be credited to the Benefit Trust
6 Reserve Employer's-Contribution-Reserve. The provisions of
7 this Section shall not be applicable until the member's
8 contribution, if any, has been received by the System;
9 however, the date such contributions are received shall not
10 be considered in determining the effective date of
11 retirement.

12 The number of members working for a single employer who
13 may retire under this Section in any year may be limited at
14 the option of the employer to a specified percentage of those
15 eligible, not less than 30%, with the right to participate to
16 be allocated among those applying on the basis of seniority
17 in the service of the employer.

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

19 (40 ILCS 5/16-149.2) (from Ch. 108 1/2, par. 16-149.2)

20 Sec. 16-149.2. Disability retirement annuity.

21 (a) A member whose disability benefit has been
22 terminated under the provisions of Section 16-149 may be
23 retired on a disability retirement annuity payable effective
24 the day following such termination provided the member
25 remains disabled under the standard of disability provided in
26 Section 16-149.

27 The disability retirement annuity shall be payable upon
28 receipt of written certificates from at least 2 licensed
29 physicians designated by the System verifying the
30 continuation of the disability condition. A disability
31 retirement annuity shall not be paid during any period for
32 which the member receives benefits under Section 16-133,
33 Section 16-149, or Section 16-149.1 or has a right to receive

1 a salary as a teacher, or is employed in any capacity as a
2 teacher by the employers included under this System or in an
3 equivalent capacity in any other public or private school,
4 college or university.

5 (b) The disability retirement annuity shall be equal to
6 the larger of: (1) 35% of the most recent annual contract
7 salary rate or for part-time and substitute members after
8 June 30, 1990, the most recent annualized salary rate; or (2)
9 if disability commences prior to the member's attainment of
10 age 55, the amount computed in accordance with Section
11 16-133, provided the amount computed under paragraph (B) of
12 Section 16-133 shall be reduced by 1/2 of 1% for each month
13 that the member is less than age 55; or (3) if disability
14 commences after the member's attainment of age 55, and the
15 member is not receiving a retirement annuity under Section
16 16-133, the amount computed in accordance with Section
17 16-133.

18 Prior to July 1, 1990, if the most recent period of
19 service of any member eligible to receive a disability
20 retirement annuity was rendered on a less than full-time but
21 not less than half-time basis, the amount of the disability
22 retirement annuity payable shall be computed on the basis of
23 the salary received by such member for the member's last year
24 of service on a full-time basis if such salary was greater
25 than the member's most recent salary.

26 (c) If an annuitant receiving a disability retirement
27 annuity under this Section is engaged in or able to engage in
28 gainful employment paying more than the difference between
29 the disability retirement annuity and the salary rate upon
30 which the disability benefit is based, with no salary to be
31 considered less than the minimum prescribed in Section 24-8
32 of the School Code, the disability retirement annuity shall
33 be reduced to an amount which together with the amount earned
34 by the annuitant, equals the salary rate upon which the

1 disability benefit is based. However, for the purposes of
2 this subsection (c) only, the salary rate upon which the
3 benefit is based shall be deemed to increase by 15% on the
4 tenth anniversary of the commencement of the annuity.

5 Once each year during the first 5 years following
6 retirement on a disability retirement annuity, and once in
7 every 3-year period thereafter, the System may require an
8 annuitant to undergo a medical examination, by a physician or
9 physicians designated by the System. If the annuitant
10 refuses to submit to such medical examination, the annuity
11 shall be discontinued until such time as the annuitant
12 consents to the examination, and if refusal continues for one
13 year, all the rights to the annuity shall be revoked.

14 (d) If an annuitant in receipt of a disability
15 retirement annuity returns to active service as a teacher or
16 is no longer disabled, such annuity shall cease and the
17 annuitant shall again become a member of the Retirement
18 System and, if in active service as a teacher, shall make
19 regular contributions. ~~The---remaining---accumulated~~
20 ~~contributions---shall---be---transferred---to---the---Members'~~
21 ~~Contribution--Reserve--from---the---Employer's---Contribution~~
22 ~~Reserve.~~ All service for which the annuitant had credit on
23 the date of disability shall be properly reestablished.

24 An annuitant in receipt of a disability retirement
25 annuity who returns to active service as a teacher and who
26 again becomes disabled shall not be entitled to a
27 recomputation of the disability retirement annuity based on
28 amendments enacted while the annuitant was in receipt of the
29 annuity unless at least one year of creditable service is
30 rendered after the latest re-entry into service.

31 (e) An annuitant in receipt of a disability retirement
32 annuity may, upon reaching retirement age as specified in
33 Section 16-132, apply for a retirement annuity which is to be
34 calculated as specified in Section 16-133. The disability

1 retirement annuity shall be discontinued upon commencement of
2 the retirement annuity.

3 (f) The board shall prescribe rules governing the
4 filing, investigation, control, and supervision of disability
5 retirement claims. The rules shall include specific
6 standards to be used when requesting additional medical
7 examinations, hospital records or other data necessary for
8 determining the employment capacity and condition of the
9 annuitant. Costs incurred by a claimant in connection with
10 completing a claim for disability benefits shall be paid by
11 the claimant.

12 The changes to this Section made by this amendatory Act
13 of 1991 shall apply not only to persons who on or after its
14 effective date are in service as a teacher under the System,
15 but also to persons whose status as a teacher terminated
16 prior to that date, whether or not the person is an annuitant
17 on that date.

18 (Source: P.A. 86-273; 86-1488; 87-794.)

19 (40 ILCS 5/16-150) (from Ch. 108 1/2, par. 16-150)

20 Sec. 16-150. Re-entry. If an annuitant under this
21 System is again employed as a teacher for an aggregate period
22 exceeding that permitted by Section 16-118, his or her
23 retirement annuity shall be terminated and the annuitant
24 shall thereupon be regarded as an active member. The
25 ~~annuitant's--remaining--accumulated--contributions--shall--be~~
26 ~~transferred-to-the-Members'-Contribution-Reserve--from--the~~
27 ~~Employer's-Contribution-Reserve.~~

28 Such annuitant is not entitled to a recomputation of his
29 or her retirement annuity unless at least one full year of
30 creditable service is rendered after the latest re-entry into
31 service and the annuitant must have rendered at least 3 years
32 of creditable service after last re-entry into service to
33 qualify for a recomputation of the retirement annuity based

1 on amendments enacted while in receipt of a retirement
2 annuity, except when retirement was due to disability.

3 However, regardless of age, an annuitant in receipt of a
4 retirement annuity may be given temporary employment by a
5 school board not exceeding that permitted under Section
6 16-118 and continue to receive the retirement annuity.

7 Unless retirement was necessitated by disability, a
8 retirement shall be considered cancelled and the retirement
9 allowance must be repaid in full if the annuitant is employed
10 as a teacher within the school year during which service was
11 terminated.

12 An annuitant's retirement which does not include a period
13 of at least one full and complete school year shall be
14 considered cancelled and the retirement annuity must be
15 repaid in full unless such retirement was necessitated by
16 disability.

17 (Source: P.A. 86-273; 87-794.)

18 (40 ILCS 5/16-151) (from Ch. 108 1/2, par. 16-151)

19 Sec. 16-151. Refund. Upon termination of employment as a
20 teacher for any cause other than death or retirement, a
21 member shall be paid the following amount upon demand made at
22 least 4 months after ceasing to teach:

23 (1) from the Benefit Trust Reserve Members'
24 Contribution-Reserve, the actual total contributions paid
25 by or on behalf of the member for membership service
26 which have not been previously refunded and which are
27 then credited to the member's individual account in the
28 Benefit Trust Reserve Members'--Contribution--Reserve,
29 without interest thereon, and

30 (2) from the Benefit Trust Reserve Employer's
31 Contribution--Reserve, the actual contributions not
32 previously refunded, paid by or on behalf of the member
33 for prior service and towards the cost of the automatic

1 annual increase in retirement annuity as provided under
2 Section 16-152, without interest thereon.

3 Any such amounts may be paid to the member either in one
4 sum or, at the election of the board, in 4 quarterly
5 payments.

6 Contributions credited to a member for periods of
7 disability as provided in Sections 16-149 and 16-149.1 are
8 not refundable.

9 Upon acceptance of a refund, all accrued rights and
10 credits in the System are forfeited and may be reinstated
11 only if the refund is repaid together with interest from the
12 date of the refund to the date of repayment at the following
13 rates compounded annually: for periods prior to July 1,
14 1965, regular interest; for periods from July 1, 1965 to June
15 30, 1977, 4% per year; for periods on and after July 1, 1977,
16 regular interest. Repayment shall be permitted upon return to
17 membership; however, service credit previously forfeited by a
18 refund and subsequently reinstated may not be used as a basis
19 for the payment of benefits, other than a refund of
20 contributions, prior to the completion of one year of
21 creditable service following the refund, except when
22 repayment is permitted under the provisions of the
23 "Retirement Systems Reciprocal Act" contained in Article 20.
24 (Source: P.A. 90-448, eff. 8-16-97.)

25 (40 ILCS 5/16-182) (from Ch. 108 1/2, par. 16-182)
26 Sec. 16-182. Members' Contribution Reserve.

27 (a) On July 1, 2003, the Members' Contribution Reserve
28 is abolished and the remaining balance shall be transferred
29 from that Reserve to the Benefit Trust Reserve. A--Members'
30 Contribution--Reserve--shall--be--established--for--the--purpose--of
31 accumulating--with--regular--interest--the--contributions--of
32 members--made--prior--to--retirement.

33 This Reserve shall be credited with:

1 (1)--The---total---accumulated---contributions---for
 2 membership-service,--as--of--the--date--this--reserve--is
 3 established,---exclusive---of--contributions--for--annual
 4 increases-in-retirement-annuity-and-survivor-benefits.

5 (2)--The-member-contributions-received-under-Section
 6 16-133.2.

7 (3)--The-normal-contributions-under--Section--16-128
 8 and-Section-16-131.2-together-with-regular-interest.

9 (4)--The--total-of-all-normal-contributions-for-each
 10 fiscal-year-as-of-the-end-of-the-fiscal-year.

11 (5)--The-excess-of-the-accumulated-contributions--of
 12 an--annuitant--at--retirement-over-the-retirement-annuity
 13 payments-received,--to--be--computed--upon--re-entry--into
 14 service--after--termination--of--a--retirement-annuity-as
 15 provided-in-Section-16-150,--or--after--termination--of--a
 16 disability--retirement--annuity--as--provided--in-Section
 17 16-149.2.

18 (6)--Regular---interest---on---the---accumulated
 19 contributions-in-the-members'-contribution-reserve-as--of
 20 the-end-of-the-previous-fiscal-year,--credited-to-the-date
 21 of-retirement-or-death-for-those-retiring-or-dying-during
 22 the--fiscal--year,--and-to-the-end-of-the-fiscal-year-for
 23 all-other-members.

24 (b)--This-Reserve-shall-be-charged-with:

25 (1)--The--accumulated---contributions---of---members
 26 retired-under-the-provisions-of-Sections-16-133,16-136.4
 27 and-16-149.2.

28 (2)--The---accumulated---contributions---of--members
 29 granted-a-refund-under-the-provisions-of-Section-16-151.

30 (3)--The--accumulated--contributions---of---deceased
 31 members--upon--payment-of-a-refund-as-provided-in-Section
 32 16-138.

33 (4)--The--accumulated--contributions--together--with
 34 regular-interest-as-provided-in-Section-16-131.1.

1 (c) Upon the granting of a retirement annuity or the
2 payment of a single sum retirement benefit or a death or
3 refund benefit, all individual accumulated credits of the
4 member concerned shall be terminated.

5 (d) Amounts credited to the account of a member under
6 this Reserve shall not be used until such member dies,
7 retires, accepts a refund, or requests a transfer of
8 contributions.

9 (Source: P.A. 87-11.)

10 (40 ILCS 5/16-184) (from Ch. 108 1/2, par. 16-184)

11 Sec. 16-184. Supplementary Annuity Reserve.

12 (a) Except as provided in subsection (b), a Reserve to
13 be known as the Supplementary Annuity Reserve is established
14 for the purpose of crediting funds received and charging
15 disbursements made for supplementary annuities under Section
16 16-135 and Section 16-149.4.

17 This Reserve shall be credited with:

18 (1) The total of all contributions made by
19 annuitants to qualify for supplementary annuities.

20 (2) Amounts contributed to the System by the State
21 of Illinois that are sufficient to assure payment of the
22 supplementary annuities.

23 (3) Regular interest computed annually on the
24 average balance in this reserve.

25 This Reserve shall be charged with all supplemental
26 annuity payments under Section 16-135 and Section 16-149.4.

27 (b) On the July 1, 2003 next occurring after the
28 effective date of this amendatory Act of the 91st General
29 Assembly, the Supplemental Annuity Reserve is abolished and
30 any remaining balance shall be transferred from that Reserve
31 to the Benefit Trust Reserve Employer's Contribution Reserve.

32 (Source: P.A. 91-887, eff. 7-6-00.)

1 (40 ILCS 5/16-185) (from Ch. 108 1/2, par. 16-185)
 2 Sec. 16-185. Benefit Trust Employer's---Contribution
 3 Reserve.

4 (a) On July 1, 2003, the Employer's Contribution Reserve
 5 shall be renamed the Benefit Trust Reserve. The Benefit
 6 Trust Reserve shall serve as a clearing account for income
 7 and expenses of the System as well as transfers to and from
 8 the other reserve accounts established under this Article and
 9 adjustments thereto.

10 (b) This Reserve shall be credited with all
 11 contributions, investment income, and other income received
 12 by the System, except as otherwise required by this Article.†

13 (1) ~~All amounts contributed by the State, except~~
 14 ~~those credited to other reserve accounts as provided in~~
 15 ~~this Article.~~

16 (2) ~~The total member and employer contributions~~
 17 ~~except those required by other reserve accounts.~~

18 (3) ~~The total income from invested assets of the~~
 19 ~~System, and other miscellaneous income.~~

20 (4) ~~The interest portion of the accumulated~~
 21 ~~contributions of members granted refunds.~~

22 (5) ~~Contributions made by annuitants to qualify for~~
 23 ~~automatic annual increases in annuity, except those~~
 24 ~~required by other reserve accounts.~~

25 (c) This Reserve shall be charged with all benefits and
 26 refunds paid and all other expenses of the System, except as
 27 otherwise required under this Article.†

28 (1) ~~All amounts necessary to be transferred to the~~
 29 ~~Members' Contribution Reserve.~~

30 (2) ~~All retirement annuity, single sum retirement~~
 31 ~~benefit and disability retirement annuity payments,~~
 32 ~~including automatic annual increases in annuities, except~~
 33 ~~as provided by other reserve accounts.~~

34 (3) ~~All amounts necessary to be refunded to~~

1 withdrawing--members--except--as--provided--by--the--Members'
2 Contribution-Reserve.

3 (4)--All---benefits---paid---to---temporarily---or
4 accidentally--disabled--members--of--this-System,-and-all
5 amounts-credited-to-the-accounts-of-such-disabled-members
6 in-lieu-of-contributions.

7 (5)--All-amounts-payable-as-death-benefits-except-as
8 provided-by-the-Members'-Contribution-Reserve.

9 (6)--All-amounts-necessary-for-the-payment-of--costs
10 for--the--health-insurance-program-as-provided-under-this
11 Article.

12 (7)--All-survivor-benefit-contributions-refunded--to
13 an-annuitant-as-provided-under-Section-16-143.2.

14 (8)--All--amounts--paid--in--accordance-with-Section
15 16-131.1-except-as-provided-by-the-Members'-Contribution
16 Reserve.

17 (9)--Interest---to--be--credited--to--other--reserve
18 accounts-as-specified-in-this-Article.

19 (10)--Recognition-of-unrealized-gains-or--losses--in
20 market---value,----upon--adoption--of--generally--accepted
21 accounting-principles-that-allow-for-such-recognition.

22 (Source: P.A. 89-235, eff. 8-4-95; 90-448, eff. 8-16-97.)

23 (40 ILCS 5/16-186.3) (from Ch. 108 1/2, par. 16-186.3)
24 Sec. 16-186.3. Reserve for minimum retirement annuity.

25 (a) A Minimum Retirement Annuity Reserve is established
26 for the purpose of crediting funds received and charging
27 disbursements for minimum retirement annuity payments under
28 Section 16-136.2 and Section 16-136.3.

29 This Reserve shall be credited with:

30 (1) The total of all contributions made by
31 annuitants to qualify for the minimum retirement annuity.

32 (2) Amounts contributed to the System by the State
33 of Illinois that are sufficient to assure payment of the

1 minimum retirement annuity payments under Section
2 16-136.2 and Section 16-136.3.

3 (3) Regular interest computed annually on the
4 average balance in this Reserve.

5 This Reserve shall be charged with all minimum retirement
6 annuity payments under Section 16-136.2 and Section 16-136.3.

7 (b) After all minimum retirement annuity payments have
8 been completed, any remaining funds shall be transferred from
9 this Reserve to the Benefit Trust Reserve Employer's
10 Contribution-Reserve.

11 (Source: P.A. 88-593, eff. 8-22-94.)

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