

1 AMENDMENT TO SENATE BILL 820

2 AMENDMENT NO. _____. Amend Senate Bill 820 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 16-113, 16-129.1, 16-133.2, 16-149.2,
9 16-150, 16-151, 16-182, 16-184, 16-185, and 16-186.3 as
10 follows:

11 (40 ILCS 5/16-113) (from Ch. 108 1/2, par. 16-113)
12 Sec. 16-113. Accumulated contributions. "Accumulated
13 contributions": The sum of all contributions to this System
14 made by or on behalf of a member in respect to membership
15 service and credited to his or her account in the Benefit
16 Trust Reserve Members~~---Contribution-Reserve~~, together with
17 regular interest thereon.
18 (Source: P.A. 83-1440.)

19 (40 ILCS 5/16-129.1)
20 Sec. 16-129.1. Optional increase in retirement annuity.

1 (a) A member of the System may qualify for the augmented
2 rate under subdivision (a)(B)(1) of Section 16-133 for all
3 years of creditable service earned before July 1, 1998 by
4 making the optional contribution specified in subsection (b).
5 A member may not elect to qualify for the augmented rate for
6 only a portion of his or her creditable service earned before
7 July 1, 1998.

8 (b) The contribution shall be an amount equal to 1.0% of
9 the member's highest salary rate in the 4 consecutive school
10 years immediately prior to but not including the school year
11 in which the application occurs, multiplied by the number of
12 years of creditable service earned by the member before July
13 1, 1998 or 20, whichever is less. This contribution shall be
14 reduced by 1.0% of that salary rate for every 3 full years of
15 creditable service earned by the member after June 30, 1998.
16 The contribution shall be further reduced at the rate of 25%
17 of the contribution (as reduced for service after June 30,
18 1998) for each year of the member's total creditable service
19 in excess of 34 years. The contribution shall not in any
20 event exceed 20% of that salary rate.

21 The member shall pay to the System the amount of the
22 contribution as calculated at the time of application under
23 this Section. The amount of the contribution determined
24 under this subsection shall be recalculated at the time of
25 retirement, and if the System determines that the amount paid
26 by the member exceeds the recalculated amount, the System
27 shall refund the difference to the member with regular
28 interest from the date of payment to the date of refund.

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

32 (i) in a lump sum on or before the date of
33 retirement;

34 (ii) in substantially equal installments over a

1 period of time not to exceed 5 years, as a deduction from
2 salary in accordance with subsection (b) of Section
3 16-154;

4 (iii) ~~if the member becomes an annuitant before~~
5 ~~June 30, 2003,~~ in substantially equal monthly
6 installments over a 24-month period, by reducing the
7 annuitant's monthly benefit over a 24-month period by the
8 amount of the otherwise applicable contribution. For
9 federal and Illinois tax purposes, the monthly amount by
10 which the annuitant's benefit is reduced shall not be
11 treated as a contribution by the annuitant, but rather as
12 a reduction of the annuitant's monthly benefit.

13 (c) If the member fails to make the full contribution
14 under this Section in a timely fashion, the payments made
15 under this Section shall be refunded to the member, without
16 interest. If the member dies before making the full
17 contribution, the payments made under this Section, together
18 with regular interest thereon, shall be refunded to the
19 member's designated beneficiary for benefits under Section
20 16-138.

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

27 (e) The contributions required under this Section are
28 the responsibility of the teacher and not the teacher's
29 employer. However, an employer of teachers may, after the
30 effective date of this amendatory Act of 1998, specifically
31 agree, through collective bargaining or otherwise, to make
32 the contributions required by this Section on behalf of those
33 teachers.

34 (f) A person who, on or after July 1, 1998 and before

1 June 4, 1999, began receiving a retirement annuity calculated
2 at the augmented rate may apply in writing to have the
3 annuity recalculated to reflect the changes to this Section
4 and Section 16-133 that were enacted in Public Act 91-17.
5 The amount of any resulting decrease in the optional
6 contribution shall be refunded to the annuitant, without
7 interest. Any resulting increase in retirement annuity shall
8 take effect on the next annuity payment date following the
9 date of application under this subsection.

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

11 (40 ILCS 5/16-133.2) (from Ch. 108 1/2, par. 16-133.2)

12 Sec. 16-133.2. Early retirement without discount. A
13 member retiring after June 1, 1980 and on or before June 30,
14 2005, and applying for a retirement annuity within 6 months
15 of the last day of teaching for which retirement
16 contributions were required, may elect at the time of
17 application for a retirement annuity, to make a one time
18 member contribution to the System and thereby avoid the
19 reduction in the retirement annuity for retirement before age
20 60 specified in paragraph (B) of Section 16-133. The
21 exercise of the election shall also obligate the last
22 employer to make a one time non-refundable contribution to
23 the System. Substitute teachers wishing to exercise this
24 election must teach 85 or more days in one school term with
25 one employer, who shall be deemed the last employer for
26 purposes of this Section. The last day of teaching with that
27 employer must be within 6 months of the date of application
28 for retirement. All substitute teaching credit applied
29 toward the required 85 days must be earned after June 30,
30 1990.

31 The one time member and employer contributions shall be a
32 percentage of the retiring member's highest annual salary
33 rate used in the determination of the average salary for

1 retirement annuity purposes. However, when determining the
2 one-time member and employer contributions, that part of a
3 member's salary with the same employer which exceeds the
4 annual salary rate for the preceding year by more than 20%
5 shall be excluded. The member contribution shall be at the
6 rate of 7% for the lesser of the following 2 periods: (1)
7 for each year that the member is less than age 60; or (2) for
8 each year that the member's creditable service is less than
9 35 years. If a member is at least age 55 and has at least 34
10 years of creditable service, no member or employer
11 contribution for the early retirement option shall be
12 required. The employer contribution shall be at the rate of
13 20% for each year the member is under age 60.

14 Upon receipt of the application and election, the System
15 shall determine the one time employee and employer
16 contributions required. The member contribution shall be
17 credited to the individual account of the member and the
18 employer contribution shall be credited to the Benefit Trust
19 Reserve ~~Employer's-Contribution-Reserve~~. The provisions of
20 this Section shall not be applicable until the member's
21 contribution, if any, has been received by the System;
22 however, the date such contributions are received shall not
23 be considered in determining the effective date of
24 retirement.

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

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

32 (40 ILCS 5/16-149.2) (from Ch. 108 1/2, par. 16-149.2)
33 Sec. 16-149.2. Disability retirement annuity.

1 (a) A member whose disability benefit has been
2 terminated under the provisions of Section 16-149 may be
3 retired on a disability retirement annuity payable effective
4 the day following such termination provided the member
5 remains disabled under the standard of disability provided in
6 Section 16-149.

7 The disability retirement annuity shall be payable upon
8 receipt of written certificates from at least 2 licensed
9 physicians designated by the System verifying the
10 continuation of the disability condition. A disability
11 retirement annuity shall not be paid during any period for
12 which the member receives benefits under Section 16-133,
13 Section 16-149, or Section 16-149.1 or has a right to receive
14 a salary as a teacher, or is employed in any capacity as a
15 teacher by the employers included under this System or in an
16 equivalent capacity in any other public or private school,
17 college or university.

18 (b) The disability retirement annuity shall be equal to
19 the larger of: (1) 35% of the most recent annual contract
20 salary rate or for part-time and substitute members after
21 June 30, 1990, the most recent annualized salary rate; or (2)
22 if disability commences prior to the member's attainment of
23 age 55, the amount computed in accordance with Section
24 16-133, provided the amount computed under paragraph (B) of
25 Section 16-133 shall be reduced by 1/2 of 1% for each month
26 that the member is less than age 55; or (3) if disability
27 commences after the member's attainment of age 55, and the
28 member is not receiving a retirement annuity under Section
29 16-133, the amount computed in accordance with Section
30 16-133.

31 Prior to July 1, 1990, if the most recent period of
32 service of any member eligible to receive a disability
33 retirement annuity was rendered on a less than full-time but
34 not less than half-time basis, the amount of the disability

1 retirement annuity payable shall be computed on the basis of
2 the salary received by such member for the member's last year
3 of service on a full-time basis if such salary was greater
4 than the member's most recent salary.

5 (c) If an annuitant receiving a disability retirement
6 annuity under this Section is engaged in or able to engage in
7 gainful employment paying more than the difference between
8 the disability retirement annuity and the salary rate upon
9 which the disability benefit is based, with no salary to be
10 considered less than the minimum prescribed in Section 24-8
11 of the School Code, the disability retirement annuity shall
12 be reduced to an amount which together with the amount earned
13 by the annuitant, equals the salary rate upon which the
14 disability benefit is based. However, for the purposes of
15 this subsection (c) only, the salary rate upon which the
16 benefit is based shall be deemed to increase by 15% on the
17 tenth anniversary of the commencement of the annuity.

18 Once each year during the first 5 years following
19 retirement on a disability retirement annuity, and once in
20 every 3-year period thereafter, the System may require an
21 annuitant to undergo a medical examination, by a physician or
22 physicians designated by the System. If the annuitant
23 refuses to submit to such medical examination, the annuity
24 shall be discontinued until such time as the annuitant
25 consents to the examination, and if refusal continues for one
26 year, all the rights to the annuity shall be revoked.

27 (d) If an annuitant in receipt of a disability
28 retirement annuity returns to active service as a teacher or
29 is no longer disabled, such annuity shall cease and the
30 annuitant shall again become a member of the Retirement
31 System and, if in active service as a teacher, shall make
32 regular contributions. The----remaining----accumulated
33 contributions---shall---be---transferred---to---the--Members'
34 Contribution--Reserve--from---the---Employer's---Contribution

1 Reserve. All service for which the annuitant had credit on
2 the date of disability shall be properly reestablished.

3 An annuitant in receipt of a disability retirement
4 annuity who returns to active service as a teacher and who
5 again becomes disabled shall not be entitled to a
6 recomputation of the disability retirement annuity based on
7 amendments enacted while the annuitant was in receipt of the
8 annuity unless at least one year of creditable service is
9 rendered after the latest re-entry into service.

10 (e) An annuitant in receipt of a disability retirement
11 annuity may, upon reaching retirement age as specified in
12 Section 16-132, apply for a retirement annuity which is to be
13 calculated as specified in Section 16-133. The disability
14 retirement annuity shall be discontinued upon commencement of
15 the retirement annuity.

16 (f) The board shall prescribe rules governing the
17 filing, investigation, control, and supervision of disability
18 retirement claims. The rules shall include specific
19 standards to be used when requesting additional medical
20 examinations, hospital records or other data necessary for
21 determining the employment capacity and condition of the
22 annuitant. Costs incurred by a claimant in connection with
23 completing a claim for disability benefits shall be paid by
24 the claimant.

25 The changes to this Section made by this amendatory Act
26 of 1991 shall apply not only to persons who on or after its
27 effective date are in service as a teacher under the System,
28 but also to persons whose status as a teacher terminated
29 prior to that date, whether or not the person is an annuitant
30 on that date.

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

32 (40 ILCS 5/16-150) (from Ch. 108 1/2, par. 16-150)

33 Sec. 16-150. Re-entry. If an annuitant under this

1 System is again employed as a teacher for an aggregate period
2 exceeding that permitted by Section 16-118, his or her
3 retirement annuity shall be terminated and the annuitant
4 shall thereupon be regarded as an active member. The
5 annuitant's--remaining--accumulated--contributions--shall--be
6 transferred-to-the-Members'-Contribution-Reserve--from--the
7 Employer's-Contribution-Reserve.

8 Such annuitant is not entitled to a recomputation of his
9 or her retirement annuity unless at least one full year of
10 creditable service is rendered after the latest re-entry into
11 service and the annuitant must have rendered at least 3 years
12 of creditable service after last re-entry into service to
13 qualify for a recomputation of the retirement annuity based
14 on amendments enacted while in receipt of a retirement
15 annuity, except when retirement was due to disability.

16 However, regardless of age, an annuitant in receipt of a
17 retirement annuity may be given temporary employment by a
18 school board not exceeding that permitted under Section
19 16-118 and continue to receive the retirement annuity.

20 Unless retirement was necessitated by disability, a
21 retirement shall be considered cancelled and the retirement
22 allowance must be repaid in full if the annuitant is employed
23 as a teacher within the school year during which service was
24 terminated.

25 An annuitant's retirement which does not include a period
26 of at least one full and complete school year shall be
27 considered cancelled and the retirement annuity must be
28 repaid in full unless such retirement was necessitated by
29 disability.

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

31 (40 ILCS 5/16-151) (from Ch. 108 1/2, par. 16-151)

32 Sec. 16-151. Refund. Upon termination of employment as a
33 teacher for any cause other than death or retirement, a

1 member shall be paid the following amount upon demand made at
2 least 4 months after ceasing to teach:

3 (1) from the Benefit Trust Reserve Members'
4 Contribution-Reserve, the actual total contributions paid
5 by or on behalf of the member for membership service
6 which have not been previously refunded and which are
7 then credited to the member's individual account in the
8 Benefit Trust Reserve Members'--Contribution--Reserve,
9 without interest thereon, and

10 (2) from the Benefit Trust Reserve Employer's
11 Contribution--Reserve, the actual contributions not
12 previously refunded, paid by or on behalf of the member
13 for prior service and towards the cost of the automatic
14 annual increase in retirement annuity as provided under
15 Section 16-152, without interest thereon.

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

19 Contributions credited to a member for periods of
20 disability as provided in Sections 16-149 and 16-149.1 are
21 not refundable.

22 Upon acceptance of a refund, all accrued rights and
23 credits in the System are forfeited and may be reinstated
24 only if the refund is repaid together with interest from the
25 date of the refund to the date of repayment at the following
26 rates compounded annually: for periods prior to July 1,
27 1965, regular interest; for periods from July 1, 1965 to June
28 30, 1977, 4% per year; for periods on and after July 1, 1977,
29 regular interest. Repayment shall be permitted upon return to
30 membership; however, service credit previously forfeited by a
31 refund and subsequently reinstated may not be used as a basis
32 for the payment of benefits, other than a refund of
33 contributions, prior to the completion of one year of
34 creditable service following the refund, except when

1 repayment is permitted under the provisions of the
2 "Retirement Systems Reciprocal Act" contained in Article 20.
3 (Source: P.A. 90-448, eff. 8-16-97.)

4 (40 ILCS 5/16-182) (from Ch. 108 1/2, par. 16-182)
5 Sec. 16-182. Members' Contribution Reserve.

6 (a) On July 1, 2003, the Members' Contribution Reserve
7 is abolished and the remaining balance shall be transferred
8 from that Reserve to the Benefit Trust Reserve. A--Members'
9 Contribution--Reserve--shall--be--established--for--the--purpose--of
10 accumulating--with--regular--interest--the--contributions--of
11 members--made--prior--to--retirement.

12 This Reserve shall be credited with:

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

17 (2)--The--member--contributions--received--under--Section
18 16-133.2.

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

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

23 (5)--The--excess--of--the--accumulated--contributions--of
24 an--annuitant--at--retirement--over--the--retirement--annuity
25 payments--received,--to--be--computed--upon--re--entry--into
26 service--after--termination--of--a--retirement--annuity--as
27 provided--in--Section--16-150,--or--after--termination--of--a
28 disability--retirement--annuity--as--provided--in--Section
29 16-149.2.

30 (6)--Regular---interest---on---the---accumulated
31 contributions--in--the--members'--contribution--reserve--as--of
32 the--end--of--the--previous--fiscal--year,--credited--to--the--date
33 of--retirement--or--death--for--those--retiring--or--dying--during

1 the--fiscal--year,--and-to-the-end-of-the-fiscal-year-for
2 all-other-members.

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

4 (1)--The--accumulated---contributions---of---members
5 retired-under-the-provisions-of-Sections-16-133,16-136.4
6 and-16-149.2.

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

9 (3)--The--accumulated--contributions---of---deceased
10 members--upon--payment-of-a-refund-as-provided-in-Section
11 16-138.

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

14 (c)--Upon-the-granting-of-a--retirement--annuity--or--the
15 payment--of--a--single-sum--retirement--benefit-or-a-death-or
16 refund-benefit,all-individual--accumulated--credits--of--the
17 member-concerned-shall-be-terminated.

18 (d)--Amounts--credited--to--the-account-of-a-member-under
19 this-Reserve-shall--not--be--used--until--such--member--dies,
20 retires,---accepts--a--refund,--or--requests--a--transfer--of
21 contributions.

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

23 (40 ILCS 5/16-184) (from Ch. 108 1/2, par. 16-184)

24 Sec. 16-184. Supplementary Annuity Reserve.

25 (a)--Except-as-provided-in-subsection-(b),a--Reserve--to
26 be--known-as-the-Supplementary-Annuity-Reserve-is-established
27 for-the-purpose-of--crediting--funds--received--and--charging
28 disbursements--made-for-supplementary-annuities-under-Section
29 16-135-and-Section-16-149.4.

30 This-Reserve-shall-be-credited-with:

31 (1)--The--total--of--all---contributions---made---by
32 annuitants-to-qualify-for-supplementary-annuities.

33 (2)--Amounts--contributed-to-the-System-by-the-State

1 of-Illinois-that-are-sufficient-to-assure-payment-of--the
2 supplementary-annuities.

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

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

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

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

13 (40 ILCS 5/16-185) (from Ch. 108 1/2, par. 16-185)

14 Sec. 16-185. Benefit Trust Employer's---Contribution
15 Reserve.

16 (a) On July 1, 2003, the Employer's Contribution Reserve
17 shall be renamed the Benefit Trust Reserve. The Benefit
18 Trust Reserve shall serve as a clearing account for income
19 and expenses of the System as well as transfers to and from
20 the other reserve accounts established under this Article and
21 adjustments thereto.

22 (b) This Reserve shall be credited with all
23 contributions, investment income, and other income received
24 by the System, except as otherwise required by this Article.‡

25 (1)--All-amounts-contributed-by--the--State,--except
26 those--credited--to-other-reserve-accounts-as-provided-in
27 this-Article.

28 (2)--The-total--member--and--employer--contributions
29 except-those-required-by-other-reserve-accounts.

30 (3)--The--total--income--from--invested-assets-of-the
31 System,--and--other-miscellaneous-income.

32 (4)--The--interest--portion---of---the---accumulated
33 contributions-of-members-granted-refunds.

1 (5) Contributions made by annuitants to qualify for
2 automatic annual increases in annuity, except those
3 required by other reserve accounts.

4 (c) This Reserve shall be charged with all benefits and
5 refunds paid and all other expenses of the System, except as
6 otherwise required under this Article.‡

7 (1) All amounts necessary to be transferred to the
8 Members' Contribution Reserve.

9 (2) All retirement annuity, single sum retirement
10 benefit and disability retirement annuity payments,
11 including automatic annual increases in annuities, except
12 as provided by other reserve accounts.

13 (3) All amounts necessary to be refunded to
14 withdrawing members except as provided by the Members'
15 Contribution Reserve.

16 (4) All benefits paid to temporarily or
17 accidentally disabled members of this System, and all
18 amounts credited to the accounts of such disabled members
19 in lieu of contributions.

20 (5) All amounts payable as death benefits except as
21 provided by the Members' Contribution Reserve.

22 (6) All amounts necessary for the payment of costs
23 for the health insurance program as provided under this
24 Article.

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

27 (8) All amounts paid in accordance with Section
28 16-131.1 except as provided by the Members' Contribution
29 Reserve.

30 (9) Interest to be credited to other reserve
31 accounts as specified in this Article.

32 (10) Recognition of unrealized gains or losses in
33 market value, upon adoption of generally accepted
34 accounting principles that allow for such recognition.

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

2 (40 ILCS 5/16-186.3) (from Ch. 108 1/2, par. 16-186.3)

3 Sec. 16-186.3. Reserve for minimum retirement annuity.

4 (a) A Minimum Retirement Annuity Reserve is established
5 for the purpose of crediting funds received and charging
6 disbursements for minimum retirement annuity payments under
7 Section 16-136.2 and Section 16-136.3.

8 This Reserve shall be credited with:

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

11 (2) Amounts contributed to the System by the State
12 of Illinois that are sufficient to assure payment of the
13 minimum retirement annuity payments under Section
14 16-136.2 and Section 16-136.3.

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

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

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

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

24 Section 99. Effective date. This Act takes effect upon
25 becoming law."