



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004
SB2344

Introduced 1/28/2004, by John M. Sullivan

SYNOPSIS AS INTRODUCED:

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

Amends the Downstate Teacher Article of the Illinois Pension Code. Allows purchase up to 5 (rather than 2) years of service credit for time spent on active duty in the armed forces before becoming a participant, and reduces the required contribution for that credit. Effective immediately.

LRB093 19550 LRD 45290 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

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 changing
5 Sections 16-127 and 16-128 as follows:

6 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

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

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

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

16 (1) Prior service as a teacher.

17 (2) Service in a capacity essentially similar or
18 equivalent to that of a teacher, in the public common
19 schools in school districts in this State not included
20 within the provisions of this System, or of any other
21 State, territory, dependency or possession of the United
22 States, or in schools operated by or under the auspices of
23 the United States, or under the auspices of any agency or
24 department of any other State, and service during any
25 period of professional speech correction or special
26 education experience for a public agency within this State
27 or any other State, territory, dependency or possession of
28 the United States, and service prior to February 1, 1951 as
29 a recreation worker for the Illinois Department of Public
30 Safety, for a period not exceeding the lesser of 2/5 of the
31 total creditable service of the member or 10 years. The
32 maximum service of 10 years which is allowable under this

1 paragraph shall be reduced by the service credit which is
2 validated by other retirement systems under paragraph (i)
3 of Section 15-113 and paragraph 1 of Section 17-133. Credit
4 granted under this paragraph may not be used in
5 determination of a retirement annuity or disability
6 benefits unless the member has at least 5 years of
7 creditable service earned subsequent to this employment
8 with one or more of the following systems: Teachers'
9 Retirement System of the State of Illinois, State
10 Universities Retirement System, and the Public School
11 Teachers' Pension and Retirement Fund of Chicago. Whenever
12 such service credit exceeds the maximum allowed for all
13 purposes of this Article, the first service rendered in
14 point of time shall be considered. The changes to this
15 subdivision (b) (2) made by Public Act 86-272 shall apply
16 not only to persons who on or after its effective date
17 (August 23, 1989) are in service as a teacher under the
18 System, but also to persons whose status as such a teacher
19 terminated prior to such effective date, whether or not
20 such person is an annuitant on that date.

21 (3) Any periods immediately following teaching
22 service, under this System or under Article 17, (or
23 immediately following service prior to February 1, 1951 as
24 a recreation worker for the Illinois Department of Public
25 Safety) spent in active service with the military forces of
26 the United States; periods spent in educational programs
27 that prepare for return to teaching sponsored by the
28 federal government following such active military service;
29 if a teacher returns to teaching service within one
30 calendar year after discharge or after the completion of
31 the educational program, a further period, not exceeding
32 one calendar year, between time spent in military service
33 or in such educational programs and the return to
34 employment as a teacher under this System; and a period of
35 up to 5 years ~~2 years~~ of active military service not
36 immediately following employment as a teacher.

1 The changes to this Section and Section 16-128 relating
2 to military service made by P.A. 87-794 shall apply not
3 only to persons who on or after its effective date are in
4 service as a teacher under the System, but also to persons
5 whose status as a teacher terminated prior to that date,
6 whether or not the person is an annuitant on that date. In
7 the case of an annuitant who applies for credit allowable
8 under this Section for a period of military service that
9 did not immediately follow employment, and who has made the
10 required contributions for such credit, the annuity shall
11 be recalculated to include the additional service credit,
12 with the increase taking effect on the date the System
13 received written notification of the annuitant's intent to
14 purchase the credit, if payment of all the required
15 contributions is made within 60 days of such notice, or
16 else on the first annuity payment date following the date
17 of payment of the required contributions. In calculating
18 the automatic annual increase for an annuity that has been
19 recalculated under this Section, the increase attributable
20 to the additional service allowable under P.A. 87-794 shall
21 be included in the calculation of automatic annual
22 increases accruing after the effective date of the
23 recalculation.

24 Credit for military service shall be determined as
25 follows: if entry occurs during the months of July, August,
26 or September and the member was a teacher at the end of the
27 immediately preceding school term, credit shall be granted
28 from July 1 of the year in which he or she entered service;
29 if entry occurs during the school term and the teacher was
30 in teaching service at the beginning of the school term,
31 credit shall be granted from July 1 of such year. In all
32 other cases where credit for military service is allowed,
33 credit shall be granted from the date of entry into the
34 service.

35 The total period of military service for which credit
36 is granted shall not exceed 5 years for any member unless

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

14 (4) Any periods served as a member of the General
15 Assembly.

16 (5) (i) Any periods for which a teacher, as defined in
17 Section 16-106, is granted a leave of absence, provided he
18 or she returns to teaching service creditable under this
19 System or the State Universities Retirement System
20 following the leave; (ii) periods during which a teacher is
21 involuntarily laid off from teaching, provided he or she
22 returns to teaching following the lay-off; (iii) periods
23 prior to July 1, 1983 during which a teacher ceased covered
24 employment due to pregnancy, provided that the teacher
25 returned to teaching service creditable under this System
26 or the State Universities Retirement System following the
27 pregnancy and submits evidence satisfactory to the Board
28 documenting that the employment ceased due to pregnancy;
29 and (iv) periods prior to July 1, 1983 during which a
30 teacher ceased covered employment for the purpose of
31 adopting an infant under 3 years of age or caring for a
32 newly adopted infant under 3 years of age, provided that
33 the teacher returned to teaching service creditable under
34 this System or the State Universities Retirement System
35 following the adoption and submits evidence satisfactory
36 to the Board documenting that the employment ceased for the

1 purpose of adopting an infant under 3 years of age or
2 caring for a newly adopted infant under 3 years of age.
3 However, total credit under this paragraph (5) may not
4 exceed 3 years.

5 Any qualified member or annuitant may apply for credit
6 under item (iii) or (iv) of this paragraph (5) without
7 regard to whether service was terminated before the
8 effective date of this amendatory Act of 1997. In the case
9 of an annuitant who establishes credit under item (iii) or
10 (iv), the annuity shall be recalculated to include the
11 additional service credit. The increase in annuity shall
12 take effect on the date the System receives written
13 notification of the annuitant's intent to purchase the
14 credit, if the required evidence is submitted and the
15 required contribution paid within 60 days of that
16 notification, otherwise on the first annuity payment date
17 following the System's receipt of the required evidence and
18 contribution. The increase in an annuity recalculated
19 under this provision shall be included in the calculation
20 of automatic annual increases in the annuity accruing after
21 the effective date of the recalculation.

22 Optional credit may be purchased under this subsection
23 (b) (5) for periods during which a teacher has been granted
24 a leave of absence pursuant to Section 24-13 of the School
25 Code. A teacher whose service under this Article terminated
26 prior to the effective date of P.A. 86-1488 shall be
27 eligible to purchase such optional credit. If a teacher who
28 purchases this optional credit is already receiving a
29 retirement annuity under this Article, the annuity shall be
30 recalculated as if the annuitant had applied for the leave
31 of absence credit at the time of retirement. The difference
32 between the entitled annuity and the actual annuity shall
33 be credited to the purchase of the optional credit. The
34 remainder of the purchase cost of the optional credit shall
35 be paid on or before April 1, 1992.

36 The change in this paragraph made by Public Act 86-273

1 shall be applicable to teachers who retire after June 1,
2 1989, as well as to teachers who are in service on that
3 date.

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

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

23 (7) Periods prior to February 1, 1987 served as an
24 employee of the Illinois Mathematics and Science Academy
25 for which credit has not been terminated under Section
26 15-113.9 of this Code.

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

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

31 (10) Up to 2 years of employment with Southern Illinois
32 University - Carbondale from September 1, 1959 to August
33 31, 1961, or with Governors State University from September
34 1, 1972 to August 31, 1974, for which the teacher has no
35 credit under Article 15. To receive credit under this item
36 (10), a teacher must apply in writing to the Board and pay

1 the required contributions before May 1, 1993 and have at
2 least 12 years of service credit under this Article.

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

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

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

28 Credit may not be granted under this Section covering any
29 period for which an age retirement or disability retirement
30 allowance has been paid.

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

32 (40 ILCS 5/16-128) (from Ch. 108 1/2, par. 16-128)

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

34 (a) In order to receive the creditable service specified
35 under subsection (b) of Section 16-127, a member is required to

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

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

23 (c) In determining the contribution required in order to
24 receive creditable service under paragraph (3) of subsection
25 (b) of Section 16-127, the salary rate for the remainder of the
26 school term in which a member enters military service shall be
27 assumed to be equal to the member's salary rate at the time of
28 entering military service. However, for military service not
29 immediately following employment, the salary rate on the last
30 date as a participating teacher prior to such military service,
31 or on the first date as a participating teacher after such
32 military service, whichever is greater, shall be assumed to be
33 equal to the member's salary rate at the time of entering
34 military service. For each school term thereafter, the member's
35 salary rate shall be assumed to be 5% higher than the salary
36 rate in the previous school term.

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

7 (d-5) For each year of service credit to be established
8 under subsection (b-1) of Section 16-127, a member is required
9 to contribute to the System (i) 16.5% of the annual salary rate
10 during the first year of full-time employment as a teacher
11 under this Article following the private school service, plus
12 (ii) interest thereon from the date of first full-time
13 employment as a teacher under this Article following the
14 private school service to the date of payment, compounded
15 annually, at the rate of 8.5% per year for periods before the
16 effective date of this amendatory Act of the 92nd General
17 Assembly, and for subsequent periods at a rate equal to the
18 System's actuarially assumed rate of return on investments.

19 (e) The contributions required under this Section may be
20 made from the date the statement for such creditable service is
21 issued until retirement date. All such required contributions
22 must be made before any retirement annuity is granted.

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

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