

# HB0870



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB0870

Introduced 2/7/2007, by Rep. Robert S. Molaro

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-116

from Ch. 108 1/2, par. 17-116

30 ILCS 805/8.31 new

Amends the Chicago Teacher Article of the Illinois Pension Code. Provides that a teacher may receive a retirement pension at age 60 with 10 years of service. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB095 04406 AMC 24451 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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 Section 17-116 as follows:

6 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)

7 Sec. 17-116. Service retirement pension.

8 (a) Each teacher having 20 years of service upon attainment  
9 of age 55, or who thereafter attains age 55 shall be entitled  
10 to a service retirement pension upon or after attainment of age  
11 55; and each teacher in service on or after July 1, 1971, with  
12 5 or more but less than 20 years of service shall be entitled  
13 to receive a service retirement pension upon or after  
14 attainment of age 62. Each teacher in service on or after July  
15 1, 2007 with 10 or more but less than 20 years of service shall  
16 be entitled to receive a service retirement pension upon or  
17 after attainment of age 60.

18 (b) The service retirement pension for a teacher who  
19 retires on or after June 25, 1971, at age 60 or over, shall be  
20 calculated as follows:

21 (1) For creditable service earned before July 1, 1998  
22 that has not been augmented under Section 17-119.1: 1.67%  
23 for each of the first 10 years of service; 1.90% for each

1 of the next 10 years of service; 2.10% for each year of  
2 service in excess of 20 but not exceeding 30; and 2.30% for  
3 each year of service in excess of 30, based upon average  
4 salary as herein defined.

5 (2) For creditable service earned on or after July 1,  
6 1998 by a member who has at least 30 years of creditable  
7 service on July 1, 1998 and who does not elect to augment  
8 service under Section 17-119.1: 2.3% of average salary for  
9 each year of creditable service earned on or after July 1,  
10 1998.

11 (3) For all other creditable service: 2.2% of average  
12 salary for each year of creditable service.

13 (c) When computing such service retirement pensions, the  
14 following conditions shall apply:

15 1. Average salary shall consist of the average annual  
16 rate of salary for the 4 consecutive years of validated  
17 service within the last 10 years of service when such  
18 average annual rate was highest. In the determination of  
19 average salary for retirement allowance purposes, for  
20 members who commenced employment after August 31, 1979,  
21 that part of the salary for any year shall be excluded  
22 which exceeds the annual full-time salary rate for the  
23 preceding year by more than 20%. In the case of a member  
24 who commenced employment before August 31, 1979 and who  
25 receives salary during any year after September 1, 1983  
26 which exceeds the annual full time salary rate for the

1 preceding year by more than 20%, an Employer and other  
2 employers of eligible contributors as defined in Section  
3 17-106 shall pay to the Fund an amount equal to the present  
4 value of the additional service retirement pension  
5 resulting from such excess salary. The present value of the  
6 additional service retirement pension shall be computed by  
7 the Board on the basis of actuarial tables adopted by the  
8 Board. If a member elects to receive a pension from this  
9 Fund provided by Section 20-121, his salary under the State  
10 Universities Retirement System and the Teachers'  
11 Retirement System of the State of Illinois shall be  
12 considered in determining such average salary. Amounts  
13 paid after the effective date of this amendatory Act of  
14 1991 for unused vacation time earned after that effective  
15 date shall not under any circumstances be included in the  
16 calculation of average salary or the annual rate of salary  
17 for the purposes of this Article.

18 2. Proportionate credit shall be given for validated  
19 service of less than one year.

20 3. For retirement at age 60 or over the pension shall  
21 be payable at the full rate.

22 4. For separation from service below age 60 to a  
23 minimum age of 55, the pension shall be discounted at the  
24 rate of 1/2 of one per cent for each month that the age of  
25 the contributor is less than 60, but a teacher may elect to  
26 defer the effective date of pension in order to eliminate

1 or reduce this discount. This discount shall not be  
2 applicable to any participant who has at least 34 years of  
3 service or a retirement pension of at least 74.6% of  
4 average salary on the date the retirement annuity begins.

5 5. No additional pension shall be granted for service  
6 exceeding 45 years. Beginning June 26, 1971 no pension  
7 shall exceed the greater of \$1,500 per month or 75% of  
8 average salary as herein defined.

9 6. Service retirement pensions shall begin on the  
10 effective date of resignation, retirement, the day  
11 following the close of the payroll period for which service  
12 credit was validated, or the time the person resigning or  
13 retiring attains age 55, or on a date elected by the  
14 teacher, whichever shall be latest.

15 7. A member who is eligible to receive a retirement  
16 pension of at least 74.6% of average salary and will attain  
17 age 55 on or before December 31 during the year which  
18 commences on July 1 shall be deemed to attain age 55 on the  
19 preceding June 1.

20 8. A member retiring after the effective date of this  
21 amendatory Act of 1998 shall receive a pension equal to 75%  
22 of average salary if the member is qualified to receive a  
23 retirement pension equal to at least 74.6% of average  
24 salary under this Article or as proportional annuities  
25 under Article 20 of this Code.

26 (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

1           Section 90. The State Mandates Act is amended by adding  
2           Section 8.31 as follows:

3           (30 ILCS 805/8.31 new)

4           Sec. 8.31. Exempt mandate. Notwithstanding Sections 6 and 8  
5           of this Act, no reimbursement by the State is required for the  
6           implementation of any mandate created by this amendatory Act of  
7           the 95th General Assembly.

8           Section 99. Effective date. This Act takes effect upon  
9           becoming law.