

AN ACT in relation to public employee benefits.

Be it enacted by the People of the State of Illinois,
represented in the General Assembly:

Section 5. The Illinois Pension Code is amended by changing Sections 16-113, 16-129.1, 16-133.2, 16-149.2, 16-150, 16-151, 16-182, 16-184, 16-185, and 16-186.3 as follows:

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

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

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

(40 ILCS 5/16-129.1)

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

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

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

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

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

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

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

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

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

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

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

(d) For purposes of this Section and subdivision (a)(B)(1) of Section 16-133, 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 System.

(e) The contributions required under this Section are the responsibility of the teacher and not the teacher's employer. However, an employer of teachers may, 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.

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

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

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

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

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

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

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

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

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

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

Sec. 16-149.2. Disability retirement annuity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(40 ILCS 5/16-182) (from Ch. 108 1/2, par. 16-182)

Sec. 16-182. Members' Contribution Reserve.

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

~~This Reserve shall be credited with:~~

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

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

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

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

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

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

(b) This Reserve shall be charged with:

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

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

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

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

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

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

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

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

Sec. 16-184. Supplementary Annuity Reserve.

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

This Reserve shall be credited with:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This Reserve shall be credited with:

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

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

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

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

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

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

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

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