



## 93RD GENERAL ASSEMBLY

### State of Illinois

2003 and 2004

HB4855

Introduced 2/4/2004, by Richard T. Bradley - Kevin A. McCarthy  
- Ralph C. Capparelli - Joseph M. Lyons - Daniel J. Burke

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-116.7 new  
30 ILCS 805/8.28 new

Amends the Chicago Teacher Article of the Illinois Pension Code. Provides an early retirement incentive program for certain teachers who terminate service on or after the last day of the 2004-05 school year and no later than September 1, 2005. Allows the purchase of up to 5 years of age enhancement and creditable service. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB093 14649 LRD 40173 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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 adding  
5 Section 17-116.7 as follows:

6 (40 ILCS 5/17-116.7 new)

7 Sec. 17-116.7. Early retirement incentives.

8 (a) A teacher who is covered by a collective bargaining  
9 agreement shall not be eligible for the early retirement  
10 incentives provided under this Section unless the collective  
11 bargaining agent and the Board of Education have entered into  
12 an agreement under which the agent agrees that any payment for  
13 accumulated unused sick days to which the employee is entitled  
14 upon withdrawal from service may be paid by the Board of  
15 Education in installments over a period of up to 5 years, and a  
16 copy of this agreement has been filed with the Board of the  
17 Fund.

18 To be eligible for the benefits provided in this Section, a  
19 person must:

20 (1) be a member of this Fund who, on November 1, 2004,  
21 is (i) in active payroll status as a teacher, or (ii) on  
22 layoff status from such a position with a right of  
23 re-employment or recall to service, or (iii) on leave of  
24 absence from such a position, but only if the member on  
25 leave has not been receiving a disability benefit under  
26 this Article for a continuous period of 2 years or more as  
27 of the date of application;

28 (2) be a member of this Fund who, on or after May 1,  
29 2004, is (i) in active payroll status as a teacher, or (ii)  
30 on layoff status from such a position with a right of  
31 re-employment or recall to service, or (iii) on leave of  
32 absence from such a position, but only if the member on

1 leave has not been receiving a disability benefit under  
2 this Article for a continuous period of 2 years or more as  
3 of the date of application;

4 (3) have not previously received a retirement pension  
5 under this Article;

6 (4) file with the Board and the Board of Education,  
7 before March 1, 2005, a written application requesting the  
8 benefits provided in this Section and a notice of  
9 resignation from employment, which resignation must take  
10 effect no earlier than the last day of the 2004-05 school  
11 year and no later than September 1, 2005, unless the  
12 applicant's retirement is delayed under subsection (e) or  
13 (f) of this Section;

14 (5) be eligible to receive a retirement pension under  
15 this Article (for which purpose any age enhancement or  
16 creditable service received under this Section may be used)  
17 and elect to receive the retirement pension beginning no  
18 earlier than the first day after the last day of the  
19 2004-05 school year and no later than September 1, 2005 or  
20 the date established under subsection (e) or (f) of this  
21 Section, if applicable;

22 (6) have attained age 50 (without the use of any age  
23 enhancement or creditable service received under this  
24 Section) by the effective date of the retirement pension;

25 (7) have at least 5 years of creditable service under  
26 this Fund or any of the participating systems under the  
27 Retirement Systems Reciprocal Act (without the use of any  
28 creditable service received under this Section) by the  
29 effective date of the retirement pension.

30 (b) An eligible person may establish up to 5 years of  
31 creditable service under this Section. In addition, for each  
32 period of creditable service established under this Section, a  
33 person's age at retirement shall be deemed to be increased by  
34 an equal period.

35 The creditable service established under this Section may  
36 be used for all purposes under this Article and the Retirement

1 Systems Reciprocal Act, except for the purposes of Section  
2 17-116.1, and the determination of average salary or  
3 compensation under this or any other Article of this Code.

4 The age enhancement established under this Section may be  
5 used for all purposes under this Article (including calculation  
6 of a proportionate pension payable by this Fund under the  
7 Retirement Systems Reciprocal Act), except for purposes of the  
8 reversionary pension under Section 17-120, and distributions  
9 required by federal law on account of age. However, age  
10 enhancement established under this Section shall not be used in  
11 determining benefits payable under other Articles of this Code  
12 under the Retirement Systems Reciprocal Act.

13 (c) For all creditable service established under this  
14 Section, the employer must pay to the Fund an employer  
15 contribution consisting of 12% of the member's highest annual  
16 full-time rate of compensation for each year of creditable  
17 service granted under this Section.

18 The employer contribution shall be paid to the Fund in one  
19 of the following ways: (i) in a single sum at the time of the  
20 member's retirement, (ii) in equal quarterly installments over  
21 a period of 5 years from the date of retirement, or (iii)  
22 subject to the approval of the Board of the Fund, in unequal  
23 installments over a period of no more than 5 years from the  
24 date of retirement, as provided in a payment plan designed by  
25 the Fund to accommodate the needs of the employer. The  
26 employer's failure to make the required contributions in a  
27 timely manner shall not affect the payment of the retirement  
28 pension.

29 For all creditable service established under this Section,  
30 the employee must pay to the Fund an employee contribution  
31 consisting of 4% of the member's highest annual salary rate  
32 used in the determination of the retirement pension for each  
33 year of creditable service granted under this Section. The  
34 employee contribution shall be deducted from the retirement  
35 annuity in 24 monthly installments.

36 (d) An annuitant who has received any age enhancement or

1 creditable service under this Section and whose pension is  
2 suspended or cancelled under Section 17-149 or 17-150 shall  
3 thereby forfeit the age enhancement and creditable service. The  
4 forfeiture of creditable service under this subsection shall  
5 not entitle the employer to a refund of the employer  
6 contribution paid under this Section, nor to forgiveness of any  
7 part of that contribution that remains unpaid. The forfeiture  
8 of creditable service under this subsection shall not entitle  
9 the employee to a refund of the employee contribution paid  
10 under this Section.

11 (e) If the number of employees of an employer that apply  
12 for early retirement under this Section exceeds 30% of those  
13 eligible, the employer may require that, for any or all of the  
14 number of applicants in excess of that 30%, the starting date  
15 of the retirement pension enhanced under this Section be no  
16 earlier than June 1, 2005 and no later than September 1, 2005.  
17 The right to have the retirement pension begin before June 1,  
18 2005 shall be allocated among the applicants on the basis of  
19 seniority in the service of that employer. This delay applies  
20 only to persons who are applying for early retirement  
21 incentives under this Section, and does not prevent a person  
22 whose application for early retirement incentives has been  
23 withdrawn from beginning to receive a retirement pension on the  
24 earliest date upon which the person is otherwise eligible under  
25 this Article.

26 (f) For a member who receives notice that he or she has  
27 been declared a reserve teacher pursuant to a collective  
28 bargaining agreement after February 15, 2005, but before  
29 September 15, 2005: (1) the March 1, 2005 application deadline  
30 in subdivision (a) (4) of this Section is extended to a date 15  
31 days after the date of notification of the reserve teacher  
32 declaration, (2) the September 1, 2005 deadline in subdivision  
33 (a) (5) of this Section is extended to October 1, 2005, and (3)  
34 the member shall not be included in the calculation of the 30%  
35 under subsection (e) and is not subject to delay in retirement  
36 under that subsection.

1       (g) A member who receives any early retirement incentive  
2       under Section 17-116.3, 17-116.4, 17-116.5, or 17-116.6 may not  
3       receive any early retirement incentive under this Section.

4       Section 90. The State Mandates Act is amended by adding  
5       Section 8.28 as follows:

6       (30 ILCS 805/8.28 new)

7       Sec. 8.28. Exempt mandate. Notwithstanding Sections 6 and 8  
8       of this Act, no reimbursement by the State is required for the  
9       implementation of any mandate created by this amendatory Act of  
10       the 93rd General Assembly.

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