



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

Introduced 02/09/04, by Kevin A. McCarthy

SYNOPSIS AS INTRODUCED:

40 ILCS 5/16-133.4

from Ch. 108 1/2, par. 16-133.4

40 ILCS 5/16-133.5

from Ch. 108 1/2, par. 16-133.5

Amends the Downstate Teachers Article of the Illinois Pension Code. Provides a program of early retirement incentives for certain employees. Allows purchase of up to 5 years of age enhancement and creditable service. Effective immediately.

LRB093 16722 LRD 42373 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

1 AN ACT concerning 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 16-133.4 and 16-133.5 as follows:

6 (40 ILCS 5/16-133.4) (from Ch. 108 1/2, par. 16-133.4)

7 Sec. 16-133.4. Early retirement incentives for teachers.

8 (a) To be eligible for the benefits provided in this
9 Section, a member must:

10 (1) be a member of this System who, on or after May 1,
11 2005 ~~1993~~, is (i) in active payroll status as a full-time
12 teacher employed by an employer under this Article, or (ii)
13 on layoff status from such a position with a right of
14 re-employment or recall to service, or (iii) on disability
15 or a leave of absence from such a position, but only if the
16 member has not been receiving benefits under Section 16-149
17 or 16-149.1 for a continuous period of 2 years or more as
18 of the date of application;

19 (2) have never previously received a retirement
20 annuity under this Article, except that receipt of a
21 disability retirement annuity does not disqualify a member
22 if the annuity has been terminated and the member has
23 returned to full-time employment under this Article before
24 the effective date of this Section;

25 (3) file with the Board before March 1, 2005 ~~1993~~, an
26 application requesting the benefits provided in this
27 Section;

28 (4) in the case of an employee of an employer that is a
29 not State agency, be eligible to receive a retirement
30 annuity under this Article (for which purpose any age
31 enhancement or creditable service received under this
32 Section may be used), and elect to receive the retirement

1 annuity beginning not earlier than June 1, 2005 ~~1993~~ and
2 not later than September 1, 2005 ~~1993~~ (September 1, 2006
3 ~~1994~~ if retirement is delayed under subsection (e) of this
4 Section);

5 (5) in the case of an employee of an employer that is a
6 State agency, be eligible to receive a retirement annuity
7 under this Article (for which purpose any age enhancement
8 or creditable service received under this Section may be
9 used), and elect to receive the retirement annuity
10 beginning not earlier than July 1, 2005 ~~1993~~ and not later
11 than March 1, 2006 ~~1994~~ (March 1, 2007 ~~1995~~ if retirement
12 is delayed under subsection (e) of this Section);

13 (6) have attained age 50 (without the use of any age
14 enhancement received under this Section) by the effective
15 date of the retirement annuity;

16 (7) have at least 5 years of creditable service under
17 this System or any of the participating systems under the
18 Retirement Systems Reciprocal Act (without the use of any
19 creditable service received under this Section) by the
20 effective date of the retirement annuity.

21 (b) An eligible person may establish up to 5 years of
22 creditable service under this Section. In addition, for each
23 period of creditable service established under this Section, a
24 person shall have his or her age at retirement deemed enhanced
25 by an equivalent period.

26 The creditable service established under this Section may
27 be used for all purposes under this Article and the Retirement
28 Systems Reciprocal Act, except for the computation of final
29 average salary, the determination of salary or compensation
30 under this or any other Article of the Code, or the
31 determination of eligibility for and the computation of
32 benefits under Section 16-133.2 of this Article.

33 The age enhancement established under this Section may be
34 used for all purposes under this Article (including calculation
35 of a proportionate annuity payable by this System under the
36 Retirement Systems Reciprocal Act), except for purposes of a

1 reversionary annuity under Section 16-136, the retirement
2 annuity under Section 16-133(a) (A), the required distributions
3 under Section 16-142.3, and the determination of eligibility
4 for and the computation of benefits under Section 16-133.2 of
5 this Article. However, age enhancement established under this
6 Section shall not be used in determining benefits payable under
7 other Articles of this Code under the Retirement Systems
8 Reciprocal Act.

9 (c) For all creditable service established under this
10 Section by an employee of an employer that is not a State
11 agency, the employer must pay to the System an employer
12 contribution consisting of 20% of the member's highest annual
13 salary rate used in the determination of the average salary for
14 retirement annuity purposes for each year of creditable service
15 granted under this Section. No employer contribution is
16 required under this Section from any employer that is a State
17 agency.

18 The employer contribution shall be paid to the System in
19 one of the following ways: (i) in a single sum at the time of
20 the member's retirement, (ii) in equal quarterly installments
21 over a period of 5 years from the date of retirement, or (iii)
22 subject to the approval of the Board of the System, 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 System 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 annuity.

29 For all creditable service established under this Section,
30 the employee must pay to the System an employee contribution
31 consisting of 4% of the member's highest annual salary rate
32 used in the determination of the retirement annuity for each
33 year of creditable service granted under this Section. The
34 employee may elect either to pay the employee contribution in
35 full before the retirement annuity commences, or to have it
36 deducted from the retirement annuity in 24 monthly

1 installments.

2 (d) An annuitant who has received any age enhancement or
3 creditable service under this Section and who re-enters
4 contributing service under this Article shall thereby forfeit
5 the age enhancement and creditable service, and upon
6 re-retirement the annuity shall be recomputed. The forfeiture
7 of creditable service under this subsection shall not entitle
8 the employer to a refund of the employer contribution paid
9 under this Section, nor to forgiveness of any part of that
10 contribution that remains unpaid. The forfeiture of creditable
11 service under this subsection shall not entitle the employee to
12 a refund of the employee contribution paid under this Section.

13 (e) If the number of employees of an employer that actually
14 apply for early retirement under this Section exceeds 30% of
15 those eligible, the employer may require that, for the number
16 of applicants in excess of that 30%, the starting date of the
17 retirement annuity enhanced under this Section may not be
18 earlier than June 1, 2006 ~~1994~~. The right to have the
19 retirement annuity begin before that date shall be allocated
20 among the applicants on the basis of seniority in the service
21 of that employer.

22 This delay applies only to persons who are applying for
23 early retirement incentives under this Section, and does not
24 prevent a person whose application for early retirement
25 incentives has been withdrawn from receiving a retirement
26 annuity on the earliest date upon which the person is otherwise
27 eligible under this Article.

28 (f) For a member who is notified after February 15, 2005
29 ~~1993~~, but before September 15, 2005 ~~1993~~, that he or she will
30 be laid off in the 2005-2006 ~~1993-1994~~ school year: (1) the
31 March 1 application deadline in subdivision (a)(3) of this
32 Section is extended to a date 15 days after the date of
33 issuance of the layoff notice, and (2) the member shall not be
34 included in the calculation of the 30% under subsection (e) and
35 is not subject to delay in retirement under that subsection.

36 (g) A member who receives any early retirement incentive

1 under Section 16-133.5 may not receive any early retirement
2 incentive under this Section.

3 (Source: P.A. 87-1265.)

4 (40 ILCS 5/16-133.5) (from Ch. 108 1/2, par. 16-133.5)

5 Sec. 16-133.5. Early retirement incentives for teachers.

6 (a) To be eligible for the benefits provided in this
7 Section, a member must:

8 (1) be a member of this System who, on or after May 1,
9 2006 ~~1994~~, is (i) in active payroll status as a full-time
10 teacher employed by an employer under this Article, or (ii)
11 on layoff status from such a position with a right of
12 re-employment or recall to service, or (iii) on disability
13 or a leave of absence from such a position, but only if the
14 member has not been receiving benefits under Section 16-149
15 or 16-149.1 for a continuous period of 2 years or more as
16 of the date of application;

17 (2) have never previously received a retirement
18 annuity under this Article, except that receipt of a
19 disability retirement annuity does not disqualify a member
20 if the annuity has been terminated and the member has
21 returned to full-time employment under this Article before
22 the effective date of this Section;

23 (3) file with the Board before March 1, 2006 ~~1994~~, an
24 application requesting the benefits provided in this
25 Section;

26 (4) be eligible to receive a retirement annuity under
27 this Article (for which purpose any age enhancement or
28 creditable service received under this Section may be
29 used), and elect to receive the retirement annuity
30 beginning not earlier than June 1, 2006 ~~1994~~ and not later
31 than September 1, 2006 ~~1994~~ (September 1, 2007 ~~1995~~ if
32 retirement is delayed under subsection (e) of this
33 Section);

34 (5) have attained age 50 (without the use of any age
35 enhancement received under this Section) by the effective

1 date of the retirement annuity;

2 (6) have at least 5 years of creditable service under
3 this System or any of the participating systems under the
4 Retirement Systems Reciprocal Act (without the use of any
5 creditable service received under this Section) by the
6 effective date of the retirement annuity.

7 (b) An eligible person may establish up to 5 years of
8 creditable service under this Section. In addition, for each
9 period of creditable service established under this Section, a
10 person shall have his or her age at retirement deemed enhanced
11 by an equivalent period.

12 The creditable service established under this Section may
13 be used for all purposes under this Article and the Retirement
14 Systems Reciprocal Act, except for the computation of final
15 average salary, the determination of salary or compensation
16 under this or any other Article of the Code, or the
17 determination of eligibility for and the computation of
18 benefits under Section 16-133.2 of this Article.

19 The age enhancement established under this Section may be
20 used for all purposes under this Article (including calculation
21 of a proportionate annuity payable by this System under the
22 Retirement Systems Reciprocal Act), except for purposes of a
23 reversionary annuity under Section 16-136, the retirement
24 annuity under Section 16-133(a) (A), the required distributions
25 under Section 16-142.3, and the determination of eligibility
26 for and the computation of benefits under Section 16-133.2 of
27 this Article. However, age enhancement established under this
28 Section shall not be used in determining benefits payable under
29 other Articles of this Code under the Retirement Systems
30 Reciprocal Act.

31 (c) For all creditable service established under this
32 Section, the employer must pay to the System an employer
33 contribution consisting of 20% of the member's highest annual
34 salary rate used in the determination of the average salary for
35 retirement annuity purposes for each year of creditable service
36 granted under this Section.

1 The employer contribution shall be paid to the System in
2 one of the following ways: (i) in a single sum at the time of
3 the member's retirement, (ii) in equal quarterly installments
4 over a period of 5 years from the date of retirement, or (iii)
5 subject to the approval of the Board of the System, in unequal
6 installments over a period of no more than 5 years from the
7 date of retirement, as provided in a payment plan designed by
8 the System to accommodate the needs of the employer. The
9 employer's failure to make the required contributions in a
10 timely manner shall not affect the payment of the retirement
11 annuity.

12 For all creditable service established under this Section,
13 the employee must pay to the System an employee contribution
14 consisting of 4% of the member's highest annual salary rate
15 used in the determination of the retirement annuity for each
16 year of creditable service granted under this Section. The
17 employee may elect either to pay the employee contribution in
18 full before the retirement annuity commences, or to have it
19 deducted from the retirement annuity in 24 monthly
20 installments.

21 (d) An annuitant who has received any age enhancement or
22 creditable service under this Section and who re-enters
23 contributing service under this Article shall thereby forfeit
24 the age enhancement and creditable service, and upon
25 re-retirement the annuity shall be recomputed. The forfeiture
26 of creditable service under this subsection shall not entitle
27 the employer to a refund of the employer contribution paid
28 under this Section, nor to forgiveness of any part of that
29 contribution that remains unpaid. The forfeiture of creditable
30 service under this subsection shall not entitle the employee to
31 a refund of the employee contribution paid under this Section.

32 (e) If the number of employees of an employer that actually
33 apply for early retirement under this Section exceeds 30% of
34 those eligible, the employer may require that, for the number
35 of applicants in excess of that 30%, the starting date of the
36 retirement annuity enhanced under this Section may not be

1 earlier than June 1, 2007 ~~1995~~. The right to have the
2 retirement annuity begin before that date shall be allocated
3 among the applicants on the basis of seniority in the service
4 of that employer.

5 This delay applies only to persons who are applying for
6 early retirement incentives under this Section, and does not
7 prevent a person whose application for early retirement
8 incentives has been withdrawn from receiving a retirement
9 annuity on the earliest date upon which the person is otherwise
10 eligible under this Article.

11 (f) A member who receives any early retirement incentive
12 under Section 16-133.4 may not receive any early retirement
13 incentive under this Section.

14 (Source: P.A. 87-1265.)

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