



## 94TH GENERAL ASSEMBLY

### State of Illinois

2005 and 2006

HB4590

Introduced 01/11/06, by Rep. Angelo Saviano

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-116	from Ch. 108 1/2, par. 17-116
40 ILCS 5/17-119	from Ch. 108 1/2, par. 17-119
30 ILCS 805/8.30 new	

Amends the Chicago Teacher Article of the Illinois Pension Code. Establishes a minimum retirement pension of \$1,500 per month for teachers with at least 20 years of service credit in the Fund. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB094 16345 AMC 51596 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 changing  
5 Sections 17-116 and 17-119 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.

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

18 (1) For creditable service earned before July 1, 1998  
19 that has not been augmented under Section 17-119.1: 1.67%  
20 for each of the first 10 years of service; 1.90% for each  
21 of the next 10 years of service; 2.10% for each year of  
22 service in excess of 20 but not exceeding 30; and 2.30% for  
23 each year of service in excess of 30, based upon average  
24 salary as herein defined.

25 (2) For creditable service earned on or after July 1,  
26 1998 by a member who has at least 30 years of creditable  
27 service on July 1, 1998 and who does not elect to augment  
28 service under Section 17-119.1: 2.3% of average salary for  
29 each year of creditable service earned on or after July 1,  
30 1998.

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

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

3 1. Average salary shall consist of the average annual  
4 rate of salary for the 4 consecutive years of validated  
5 service within the last 10 years of service when such  
6 average annual rate was highest. In the determination of  
7 average salary for retirement allowance purposes, for  
8 members who commenced employment after August 31, 1979,  
9 that part of the salary for any year shall be excluded  
10 which exceeds the annual full-time salary rate for the  
11 preceding year by more than 20%. In the case of a member  
12 who commenced employment before August 31, 1979 and who  
13 receives salary during any year after September 1, 1983  
14 which exceeds the annual full time salary rate for the  
15 preceding year by more than 20%, an Employer and other  
16 employers of eligible contributors as defined in Section  
17 17-106 shall pay to the Fund an amount equal to the present  
18 value of the additional service retirement pension  
19 resulting from such excess salary. The present value of the  
20 additional service retirement pension shall be computed by  
21 the Board on the basis of actuarial tables adopted by the  
22 Board. If a member elects to receive a pension from this  
23 Fund provided by Section 20-121, his salary under the State  
24 Universities Retirement System and the Teachers'  
25 Retirement System of the State of Illinois shall be  
26 considered in determining such average salary. Amounts  
27 paid after the effective date of this amendatory Act of  
28 1991 for unused vacation time earned after that effective  
29 date shall not under any circumstances be included in the  
30 calculation of average salary or the annual rate of salary  
31 for the purposes of this Article.

32 2. Proportionate credit shall be given for validated  
33 service of less than one year.

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

36 4. For separation from service below age 60 to a

1 minimum age of 55, the pension shall be discounted at the  
2 rate of 1/2 of one per cent for each month that the age of  
3 the contributor is less than 60, but a teacher may elect to  
4 defer the effective date of pension in order to eliminate  
5 or reduce this discount. This discount shall not be  
6 applicable to any participant who has at least 34 years of  
7 service or a retirement pension of at least 74.6% of  
8 average salary on the date the retirement annuity begins.

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

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

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

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

30 (d) Notwithstanding the other provisions of this Section,  
31 the minimum retirement pension payable to a person with at  
32 least 20 years of service credit under this Article who begins  
33 receiving a retirement pension (other than a reversionary  
34 pension) on or after January 1, 2007 shall be \$1,500 per month.

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

1 (40 ILCS 5/17-119) (from Ch. 108 1/2, par. 17-119)  
2 Sec. 17-119. Automatic annual increase in pension.

3 (a) Each teacher retiring on or after September 1, 1959, is  
4 entitled to the annual increase in pension, defined herein,  
5 while he is receiving a pension from the Fund.

6 1. The term "base pension" means a service retirement  
7 or disability retirement pension in the amount fixed and  
8 payable at the date of retirement of a teacher.

9 2. The annual increase in pension shall be at the rate  
10 of 1 1/2% of base pension. This increase shall first occur  
11 in January of the year next following the first anniversary  
12 of retirement. At such time the Fund shall pay the pro rata  
13 part of the increase for the period from the first  
14 anniversary date to the date of the first increase in  
15 pension. Beginning January 1, 1972, the rate of annual  
16 increase in pension shall be 2% of the base pension.  
17 Beginning January 1, 1979, the rate of annual increase in  
18 pension shall be 3% of the base pension. Beginning January  
19 1, 1990, all automatic annual increases payable under this  
20 Section shall be calculated as a percentage of the total  
21 pension payable at the time of the increase, including all  
22 increases previously granted under this Article,  
23 notwithstanding Section 17-157.

24 3. An increase in pension shall be granted only if the  
25 retired teacher is age 60 or over. If the teacher attains  
26 age 60 after retirement, the increase in pension shall  
27 begin in January of the year following the 61st birthday.  
28 At such time the Fund also shall pay the pro rata part of  
29 the increase from the 61st birthday to the date of first  
30 increase in pension.

31 (b) In addition to other increases which may be provided by  
32 this Section, on January 1, 1981 any teacher who was receiving  
33 a retirement pension on or before January 1, 1971 shall have  
34 his retirement pension then being paid increased \$1 per month  
35 for each year of creditable service. On January 1, 1982, any  
36 teacher whose retirement pension began on or before January 1,

1 1977, shall have his retirement pension then being paid  
2 increased \$1 per month for each year of creditable service.

3 (c) On January 1, 1987, any teacher whose retirement  
4 pension began on or before January 1, 1977, shall have the  
5 monthly retirement pension increased by an amount equal to 8¢  
6 per year of creditable service times the number of years that  
7 have elapsed since the retirement pension began.

8 (d) On January 1, 2007, every pensioner with at least 20  
9 years of service credit under this Article who is receiving a  
10 retirement pension (other than a reversionary pension) of less  
11 than \$1,500 per month shall have the retirement pension  
12 increased to \$1,500 on that date, notwithstanding Section  
13 17-157. The increase under this subsection shall be included in  
14 the calculation of the increases granted on that date or  
15 thereafter under subsection (a) of this Section.

16 (Source: P.A. 90-566, eff. 1-2-98.)

17 Section 90. The State Mandates Act is amended by adding  
18 Section 8.30 as follows:

19 (30 ILCS 805/8.30 new)

20 Sec. 8.30. Exempt mandate. Notwithstanding Sections 6 and 8  
21 of this Act, no reimbursement by the State is required for the  
22 implementation of any mandate created by this amendatory Act of  
23 the 94th General Assembly.

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