



Rep. Michelle Mussman

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1 AMENDMENT TO HOUSE BILL 3591

2 AMENDMENT NO. _____. Amend House Bill 3591 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by
5 changing Sections 22-101 and 22-103 as follows:

6 (40 ILCS 5/22-101) (from Ch. 108 1/2, par. 22-101)

7 Sec. 22-101. Retirement Plan for Chicago Transit Authority
8 Employees.

9 (a) There shall be established and maintained by the
10 Authority created by the "Metropolitan Transit Authority Act",
11 approved April 12, 1945, as amended, (referred to in this
12 Section as the "Authority") a financially sound pension and
13 retirement system adequate to provide for all payments when due
14 under such established system or as modified from time to time
15 by ordinance of the Chicago Transit Board or collective
16 bargaining agreement. For this purpose, the Board must make

1 contributions to the established system as required under this
2 Section and may make any additional contributions provided for
3 by Board ordinance or collective bargaining agreement. The
4 participating employees shall make such periodic payments to
5 the established system as required under this Section and may
6 make any additional contributions provided for by Board
7 ordinance or collective bargaining agreement.

8 Provisions shall be made by the Board for all officers and
9 employees of the Authority appointed pursuant to the
10 "Metropolitan Transit Authority Act" to become, subject to
11 reasonable rules and regulations, participants of the pension
12 or retirement system with uniform rights, privileges,
13 obligations and status as to the class in which such officers
14 and employees belong. The terms, conditions and provisions of
15 any pension or retirement system or of any amendment or
16 modification thereof affecting employees who are members of any
17 labor organization may be established, amended or modified by
18 agreement with such labor organization, provided the terms,
19 conditions and provisions must be consistent with this Act, the
20 annual funding levels for the retirement system established by
21 law must be met and the benefits paid to future participants in
22 the system may not exceed the benefit ceilings set for future
23 participants under this Act and the contribution levels
24 required by the Authority and its employees may not be less
25 than the contribution levels established under this Act.

26 (b) The Board of Trustees shall consist of 11 members

1 appointed as follows: (i) 5 trustees shall be appointed by the
2 Chicago Transit Board; (ii) 3 trustees shall be appointed by an
3 organization representing the highest number of Chicago
4 Transit Authority participants; (iii) one trustee shall be
5 appointed by an organization representing the second-highest
6 number of Chicago Transit Authority participants; (iv) one
7 trustee shall be appointed by the recognized coalition
8 representatives of participants who are not represented by an
9 organization with the highest or second-highest number of
10 Chicago Transit Authority participants; and (v) one trustee
11 shall be selected by the Regional Transportation Authority
12 Board of Directors, and the trustee shall be a professional
13 fiduciary who has experience in the area of collectively
14 bargained pension plans. Trustees shall serve until a successor
15 has been appointed and qualified, or until resignation, death,
16 incapacity, or disqualification.

17 Any person appointed as a trustee of the board shall
18 qualify by taking an oath of office that he or she will
19 diligently and honestly administer the affairs of the system
20 and will not knowingly violate or willfully permit the
21 violation of any of the provisions of law applicable to the
22 Plan, including Sections 1-109, 1-109.1, 1-109.2, 1-110,
23 1-111, 1-114, and 1-115 of the Illinois Pension Code.

24 Each trustee shall cast individual votes, and a majority
25 vote shall be final and binding upon all interested parties,
26 provided that the Board of Trustees may require a supermajority

1 vote with respect to the investment of the assets of the
2 Retirement Plan, and may set forth that requirement in the
3 Retirement Plan documents, by-laws, or rules of the Board of
4 Trustees. Each trustee shall have the rights, privileges,
5 authority, and obligations as are usual and customary for such
6 fiduciaries.

7 The Board of Trustees may cause amounts on deposit in the
8 Retirement Plan to be invested in those investments that are
9 permitted investments for the investment of moneys held under
10 any one or more of the pension or retirement systems of the
11 State, any unit of local government or school district, or any
12 agency or instrumentality thereof. The Board, by a vote of at
13 least two-thirds of the trustees, may transfer investment
14 management to the Illinois State Board of Investment, which is
15 hereby authorized to manage these investments when so requested
16 by the Board of Trustees.

17 (c) All individuals who were previously participants in the
18 Retirement Plan for Chicago Transit Authority Employees shall
19 remain participants, and shall receive the same benefits
20 established by the Retirement Plan for Chicago Transit
21 Authority Employees, except as provided in this amendatory Act
22 or by subsequent legislative enactment or amendment to the
23 Retirement Plan. For Authority employees hired on or after the
24 effective date of this amendatory Act of the 95th General
25 Assembly, the Retirement Plan for Chicago Transit Authority
26 Employees shall be the exclusive retirement plan and such

1 employees shall not be eligible for any supplemental plan,
2 except for a deferred compensation plan funded only by employee
3 contributions.

4 For all Authority employees who are first hired on or after
5 the effective date of this amendatory Act of the 95th General
6 Assembly and are participants in the Retirement Plan for
7 Chicago Transit Authority Employees, the following terms,
8 conditions and provisions with respect to retirement shall be
9 applicable:

10 (1) Such participant shall be eligible for an unreduced
11 retirement allowance for life upon the attainment of age 64
12 with 25 years of continuous service.

13 (2) Such participant shall be eligible for a reduced
14 retirement allowance for life upon the attainment of age 55
15 with 10 years of continuous service.

16 (3) For the purpose of determining the retirement
17 allowance to be paid to a retiring employee, the term
18 "Continuous Service" as used in the Retirement Plan for
19 Chicago Transit Authority Employees shall also be deemed to
20 include all pension credit for service with any retirement
21 system established under Article 8 or Article 11 of this
22 Code, provided that the employee forfeits and relinquishes
23 all pension credit under Article 8 or Article 11 of this
24 Code, and the contribution required under this subsection
25 is made by the employee. The Retirement Plan's actuary
26 shall determine the contribution paid by the employee as an

1 amount equal to the normal cost of the benefit accrued, had
2 the service been rendered as an employee, plus interest per
3 annum from the time such service was rendered until the
4 date the payment is made.

5 (d) From the effective date of this amendatory Act through
6 December 31, 2008, all participating employees shall
7 contribute to the Retirement Plan in an amount not less than 6%
8 of compensation, and the Authority shall contribute to the
9 Retirement Plan in an amount not less than 12% of compensation.

10 (e) (1) Beginning January 1, 2009 the Authority shall make
11 contributions to the Retirement Plan in an amount equal to
12 twelve percent (12%) of compensation and participating
13 employees shall make contributions to the Retirement Plan in an
14 amount equal to six percent (6%) of compensation. These
15 contributions may be paid by the Authority and participating
16 employees on a payroll or other periodic basis, but shall in
17 any case be paid to the Retirement Plan at least monthly.

18 (2) For the period ending December 31, 2040, the amount
19 paid by the Authority in any year with respect to debt service
20 on bonds issued for the purposes of funding a contribution to
21 the Retirement Plan under Section 12c of the Metropolitan
22 Transit Authority Act, other than debt service paid with the
23 proceeds of bonds or notes issued by the Authority for any year
24 after calendar year 2008, shall be treated as a credit against
25 the amount of required contribution to the Retirement Plan by
26 the Authority under subsection (e) (1) for the following year up

1 to an amount not to exceed 6% of compensation paid by the
2 Authority in that following year.

3 (3) By September 15 of each year beginning in 2009 and
4 ending on December 31, 2039, on the basis of a report prepared
5 by an enrolled actuary retained by the Plan, the Board of
6 Trustees of the Retirement Plan shall determine the estimated
7 funded ratio of the total assets of the Retirement Plan to its
8 total actuarially determined liabilities. A report containing
9 that determination and the actuarial assumptions on which it is
10 based shall be filed with the Authority, the representatives of
11 its participating employees, the Auditor General of the State
12 of Illinois, and the Regional Transportation Authority. If the
13 funded ratio is projected to decline below 60% in any year
14 before 2040, the Board of Trustees shall also determine the
15 increased contribution required each year as a level percentage
16 of payroll over the years remaining until 2040 using the
17 projected unit credit actuarial cost method so the funded ratio
18 does not decline below 60% and include that determination in
19 its report. If the actual funded ratio declines below 60% in
20 any year prior to 2040, the Board of Trustees shall also
21 determine the increased contribution required each year as a
22 level percentage of payroll during the years after the then
23 current year using the projected unit credit actuarial cost
24 method so the funded ratio is projected to reach at least 60%
25 no later than 10 years after the then current year and include
26 that determination in its report. Within 60 days after

1 receiving the report, the Auditor General shall review the
2 determination and the assumptions on which it is based, and if
3 he finds that the determination and the assumptions on which it
4 is based are unreasonable in the aggregate, he shall issue a
5 new determination of the funded ratio, the assumptions on which
6 it is based and the increased contribution required each year
7 as a level percentage of payroll over the years remaining until
8 2040 using the projected unit credit actuarial cost method so
9 the funded ratio does not decline below 60%, or, in the event
10 of an actual decline below 60%, so the funded ratio is
11 projected to reach 60% by no later than 10 years after the then
12 current year. If the Board of Trustees or the Auditor General
13 determine that an increased contribution is required to meet
14 the funded ratio required by the subsection, effective January
15 1 following the determination or 30 days after such
16 determination, whichever is later, one-third of the increased
17 contribution shall be paid by participating employees and
18 two-thirds by the Authority, in addition to the contributions
19 required by this subsection (1).

20 (4) For the period beginning 2040, the minimum contribution
21 to the Retirement Plan for each fiscal year shall be an amount
22 determined by the Board of Trustees of the Retirement Plan to
23 be sufficient to bring the total assets of the Retirement Plan
24 up to 90% of its total actuarial liabilities by the end of
25 2059. Participating employees shall be responsible for
26 one-third of the required contribution and the Authority shall

1 be responsible for two-thirds of the required contribution. In
2 making these determinations, the Board of Trustees shall
3 calculate the required contribution each year as a level
4 percentage of payroll over the years remaining to and including
5 fiscal year 2059 using the projected unit credit actuarial cost
6 method. A report containing that determination and the
7 actuarial assumptions on which it is based shall be filed by
8 September 15 of each year with the Authority, the
9 representatives of its participating employees, the Auditor
10 General of the State of Illinois and the Regional
11 Transportation Authority. If the funded ratio is projected to
12 fail to reach 90% by December 31, 2059, the Board of Trustees
13 shall also determine the increased contribution required each
14 year as a level percentage of payroll over the years remaining
15 until December 31, 2059 using the projected unit credit
16 actuarial cost method so the funded ratio will meet 90% by
17 December 31, 2059 and include that determination in its report.
18 Within 60 days after receiving the report, the Auditor General
19 shall review the determination and the assumptions on which it
20 is based and if he finds that the determination and the
21 assumptions on which it is based are unreasonable in the
22 aggregate, he shall issue a new determination of the funded
23 ratio, the assumptions on which it is based and the increased
24 contribution required each year as a level percentage of
25 payroll over the years remaining until December 31, 2059 using
26 the projected unit credit actuarial cost method so the funded

1 ratio reaches no less than 90% by December 31, 2059. If the
2 Board of Trustees or the Auditor General determine that an
3 increased contribution is required to meet the funded ratio
4 required by this subsection, effective January 1 following the
5 determination or 30 days after such determination, whichever is
6 later, one-third of the increased contribution shall be paid by
7 participating employees and two-thirds by the Authority, in
8 addition to the contributions required by subsection (e) (1).

9 (5) Beginning in 2060, the minimum contribution for each
10 year shall be the amount needed to maintain the total assets of
11 the Retirement Plan at 90% of the total actuarial liabilities
12 of the Plan, and the contribution shall be funded two-thirds by
13 the Authority and one-third by the participating employees in
14 accordance with this subsection.

15 (f) The Authority shall take the steps necessary to comply
16 with Section 414(h) (2) of the Internal Revenue Code of 1986, as
17 amended, to permit the pick-up of employee contributions under
18 subsections (d) and (e) on a tax-deferred basis.

19 (g) The Board of Trustees shall certify to the Governor,
20 the General Assembly, the Auditor General, the Board of the
21 Regional Transportation Authority, and the Authority at least
22 90 days prior to the end of each fiscal year the amount of the
23 required contributions to the retirement system for the next
24 retirement system fiscal year under this Section. The
25 certification shall include a copy of the actuarial
26 recommendations upon which it is based. In addition, copies of

1 the certification shall be sent to the Commission on Government
2 Forecasting and Accountability and the Mayor of Chicago.

3 (h) (1) As to an employee who first becomes entitled to a
4 retirement allowance commencing on or after November 30, 1989,
5 the retirement allowance shall be the amount determined in
6 accordance with the following formula:

7 (A) One percent (1%) of his "Average Annual
8 Compensation in the highest four (4) completed Plan Years"
9 for each full year of continuous service from the date of
10 original employment to the effective date of the Plan; plus

11 (B) One and seventy-five hundredths percent (1.75%) of
12 his "Average Annual Compensation in the highest four (4)
13 completed Plan Years" for each year (including fractions
14 thereof to completed calendar months) of continuous
15 service as provided for in the Retirement Plan for Chicago
16 Transit Authority Employees.

17 Provided, however that:

18 (2) As to an employee who first becomes entitled to a
19 retirement allowance commencing on or after January 1, 1993,
20 the retirement allowance shall be the amount determined in
21 accordance with the following formula:

22 (A) One percent (1%) of his "Average Annual
23 Compensation in the highest four (4) completed Plan Years"
24 for each full year of continuous service from the date of
25 original employment to the effective date of the Plan; plus

26 (B) One and eighty hundredths percent (1.80%) of his

1 "Average Annual Compensation in the highest four (4)
2 completed Plan Years" for each year (including fractions
3 thereof to completed calendar months) of continuous
4 service as provided for in the Retirement Plan for Chicago
5 Transit Authority Employees.

6 Provided, however that:

7 (3) As to an employee who first becomes entitled to a
8 retirement allowance commencing on or after January 1, 1994,
9 the retirement allowance shall be the amount determined in
10 accordance with the following formula:

11 (A) One percent (1%) of his "Average Annual
12 Compensation in the highest four (4) completed Plan Years"
13 for each full year of continuous service from the date of
14 original employment to the effective date of the Plan; plus

15 (B) One and eighty-five hundredths percent (1.85%) of
16 his "Average Annual Compensation in the highest four (4)
17 completed Plan Years" for each year (including fractions
18 thereof to completed calendar months) of continuous
19 service as provided for in the Retirement Plan for Chicago
20 Transit Authority Employees.

21 Provided, however that:

22 (4) As to an employee who first becomes entitled to a
23 retirement allowance commencing on or after January 1, 2000,
24 the retirement allowance shall be the amount determined in
25 accordance with the following formula:

26 (A) One percent (1%) of his "Average Annual

1 Compensation in the highest four (4) completed Plan Years"
2 for each full year of continuous service from the date of
3 original employment to the effective date of the Plan; plus

4 (B) Two percent (2%) of his "Average Annual
5 Compensation in the highest four (4) completed Plan Years"
6 for each year (including fractions thereof to completed
7 calendar months) of continuous service as provided for in
8 the Retirement Plan for Chicago Transit Authority
9 Employees.

10 Provided, however that:

11 (5) As to an employee who first becomes entitled to a
12 retirement allowance commencing on or after January 1, 2001,
13 the retirement allowance shall be the amount determined in
14 accordance with the following formula:

15 (A) One percent (1%) of his "Average Annual
16 Compensation in the highest four (4) completed Plan Years"
17 for each full year of continuous service from the date of
18 original employment to the effective date of the Plan; plus

19 (B) Two and fifteen hundredths percent (2.15%) of his
20 "Average Annual Compensation in the highest four (4)
21 completed Plan Years" for each year (including fractions
22 thereof to completed calendar months) of continuous
23 service as provided for in the Retirement Plan for Chicago
24 Transit Authority Employees.

25 The changes made by this amendatory Act of the 95th General
26 Assembly, to the extent that they affect the rights or

1 privileges of Authority employees that are currently the
2 subject of collective bargaining, have been agreed to between
3 the authorized representatives of these employees and of the
4 Authority prior to enactment of this amendatory Act, as
5 evidenced by a Memorandum of Understanding between these
6 representatives that will be filed with the Secretary of State
7 Index Department and designated as "95-GA-C05". The General
8 Assembly finds and declares that those changes are consistent
9 with 49 U.S.C. 5333(b) (also known as Section 13(c) of the
10 Federal Transit Act) because of this agreement between
11 authorized representatives of these employees and of the
12 Authority, and that any future amendments to the provisions of
13 this amendatory Act of the 95th General Assembly, to the extent
14 those amendments would affect the rights and privileges of
15 Authority employees that are currently the subject of
16 collective bargaining, would be consistent with 49 U.S.C.
17 5333(b) if and only if those amendments were agreed to between
18 these authorized representatives prior to enactment.

19 (i) Early retirement incentive plan; funded ratio.

20 (1) Beginning on the effective date of this Section, no
21 early retirement incentive shall be offered to
22 participants of the Plan unless the Funded Ratio of the
23 Plan is at least 80% or more.

24 (2) For the purposes of this Section, the Funded Ratio
25 shall be the Adjusted Assets divided by the Actuarial
26 Accrued Liability developed in accordance with Statement

1 #25 promulgated by the Government Accounting Standards
2 Board and the actuarial assumptions described in the Plan.
3 The Adjusted Assets shall be calculated based on the
4 methodology described in the Plan.

5 (j) Nothing in this amendatory Act of the 95th General
6 Assembly shall impair the rights or privileges of Authority
7 employees under any other law.

8 (k) Any individual who, on or after the effective date of
9 this amendatory Act of the 97th General Assembly, first becomes
10 a participant of the Retirement Plan shall not be paid any of
11 the benefits provided under this Code if he or she is convicted
12 of a felony relating to, arising out of, or in connection with
13 his or her service as a participant.

14 This subsection (k) shall not operate to impair any
15 contract or vested right acquired before the effective date of
16 this amendatory Act of the 97th General Assembly under any law
17 or laws continued in this Code, and it shall not preclude the
18 right to refund.

19 (Source: P.A. 94-839, eff. 6-6-06; 95-708, eff. 1-18-08.)

20 (40 ILCS 5/22-103)

21 Sec. 22-103. Regional Transportation Authority and related
22 pension plans.

23 (a) As used in this Section:

24 "Affected pension plan" means a defined-benefit pension
25 plan supported in whole or in part by employer contributions

1 and maintained by the Regional Transportation Authority, the
2 Suburban Bus Division, or the Commuter Rail Division, or any
3 combination thereof, under the general authority of the
4 Regional Transportation Authority Act, including but not
5 limited to any such plan that has been established under or is
6 subject to a collective bargaining agreement or is limited to
7 employees covered by a collective bargaining agreement.
8 "Affected pension plan" does not include any pension fund or
9 retirement system subject to Section 22-101 of this Section.

10 "Authority" means the Regional Transportation Authority
11 created under the Regional Transportation Authority Act.

12 "Contributing employer" means an employer that is required
13 to make contributions to an affected pension plan under the
14 terms of that plan.

15 "Funding ratio" means the ratio of an affected pension
16 plan's assets to the present value of its actuarial
17 liabilities, as determined at its latest actuarial valuation in
18 accordance with applicable actuarial assumptions and
19 recommendations.

20 "Under-funded pension plan" or "under-funded" means an
21 affected pension plan that, at the time of its last actuarial
22 valuation, has a funding ratio of less than 90%.

23 (b) The contributing employers of each affected pension
24 plan have a general duty to make the required employer
25 contributions to the affected pension plan in a timely manner
26 in accordance with the terms of the plan. A contributing

1 employer must make contributions to the affected pension plan
2 as required under this subsection and, if applicable,
3 subsection (c); a contributing employer may make any additional
4 contributions provided for by the board of the employer or
5 collective bargaining agreement.

6 (c) In the case of an affected pension plan that is
7 under-funded on January 1, 2009 or becomes under-funded at any
8 time after that date, the contributing employers shall
9 contribute to the affected pension plan, in addition to all
10 amounts otherwise required, amounts sufficient to bring the
11 funding ratio of the affected pension plan up to 90% in
12 accordance with an amortization schedule adopted jointly by the
13 contributing employers and the trustee of the affected pension
14 plan. The amortization schedule may extend for any period up to
15 a maximum of 50 years and shall provide for additional employer
16 contributions in substantially equal annual amounts over the
17 selected period. If the contributing employers and the trustee
18 of the affected pension plan do not agree on an appropriate
19 period for the amortization schedule within 6 months of the
20 date of determination that the plan is under-funded, then the
21 amortization schedule shall be based on a period of 50 years.

22 In the case of an affected pension plan that has more than
23 one contributing employer, each contributing employer's share
24 of the total additional employer contributions required under
25 this subsection shall be determined: (i) in proportion to the
26 amounts, if any, by which the respective contributing employers

1 have failed to meet their contribution obligations under the
2 terms of the affected pension plan; or (ii) if all of the
3 contributing employers have met their contribution obligations
4 under the terms of the affected pension plan, then in the same
5 proportion as they are required to contribute under the terms
6 of that plan. In the case of an affected pension plan that has
7 only one contributing employer, that contributing employer is
8 responsible for all of the additional employer contributions
9 required under this subsection.

10 If an under-funded pension plan is determined to have
11 achieved a funding ratio of at least 90% during the period when
12 an amortization schedule is in force under this Section, the
13 contributing employers and the trustee of the affected pension
14 plan, acting jointly, may cancel the amortization schedule and
15 the contributing employers may cease making additional
16 contributions under this subsection for as long as the affected
17 pension plan retains a funding ratio of at least 90%.

18 (d) Beginning January 1, 2009, if the Authority fails to
19 pay to an affected pension fund within 30 days after it is due
20 (i) any employer contribution that it is required to make as a
21 contributing employer, (ii) any additional employer
22 contribution that it is required to pay under subsection (c),
23 or (iii) any payment that it is required to make under Section
24 4.02a or 4.02b of the Regional Transportation Authority Act,
25 the trustee of the affected pension fund shall promptly so
26 notify the Commission on Government Forecasting and

1 Accountability, the Mayor of Chicago, the Governor, and the
2 General Assembly.

3 (e) For purposes of determining employer contributions,
4 assets, and actuarial liabilities under this subsection,
5 contributions, assets, and liabilities relating to health care
6 benefits shall not be included.

7 (f) This amendatory Act of the 94th General Assembly does
8 not affect or impair the right of any contributing employer or
9 its employees to collectively bargain the amount or level of
10 employee contributions to an affected pension plan, to the
11 extent that the plan includes employees subject to collective
12 bargaining.

13 (g) Any individual who, on or after the effective date of
14 this amendatory Act of the 97th General Assembly, first becomes
15 a participant of an affected pension plan shall not be paid any
16 of the benefits provided under this Code if he or she is
17 convicted of a felony relating to, arising out of, or in
18 connection with his or her service as a participant.

19 This subsection shall not operate to impair any contract or
20 vested right acquired before the effective date of this
21 amendatory Act of the 97th General Assembly under any law or
22 laws continued in this Code, and it shall not preclude the
23 right to refund.

24 (Source: P.A. 94-839, eff. 6-6-06.)

25 Section 99. Effective date. This Act takes effect upon

1 becoming law.".