

AN ACT concerning 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 16-133.2, 16-152, and 16-176 as follows:

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

Sec. 16-133.2. Early retirement without discount.

(a) A member retiring after June 1, 1980 and on or before June 30, 2005 (or as provided in subsection (b) of this Section), 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. The provisions of this subsection (a) providing for the avoidance of the reduction in retirement annuity 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 subsection or subsection (b) 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.

(b) The provisions of subsection (a) of this Section shall remain in effect for a member retiring after June 30, 2005 and on or before July 1, 2007, provided that the member satisfies both of the following requirements:

(1) the member notified his or her employer of intent to retire under this Article on or before the effective date of this amendatory Act of the 94th General Assembly under the terms of a contract or collective bargaining agreement entered into, amended, or renewed with the employer on or before the effective date of this amendatory Act of the 94th General Assembly; and

(2) the effective date of the member's retirement is on or before July 1, 2007.

The member's employer must give evidence of the member's notification by providing to the System:

(i) a copy of the member's notification to the employer or the record of that notification;

(ii) an affidavit signed by the member and the employer, verifying the notification; and

(iii) any additional documentation that the System may require.

(c) Except as otherwise provided in subsection (b), and subject to the provisions of Section 16-176, a member retiring on or after July 1, 2005 and on or before June 30, 2013 (or January 1, 2014 in the case of a member who has filed a notice of intent to retire with his or her employer on or before June 30, 2013 and attains age 55 during the period July 1, 2013 through December 31, 2013), and applying for a retirement annuity within 6 months of the last day of teaching for which retirement contributions were required, and whose last day of teaching is on or before June 30, 2013, 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 nonrefundable 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 11.5% 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. The employer contribution shall be at the rate of 23.5% 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. The avoidance of the reduction in retirement annuity provided under this subsection (c) is not applicable until the member's contribution, if any, has been received by the System; however, the date that contribution is 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 subsection (c) in any year may be limited at

the option of the employer to a specified percentage of those eligible, not less than 10%, with the right to participate to be allocated among those applying on the basis of seniority in the service of the employer.

For persons not qualifying for the early retirement without discount option under this subsection (c), the option is extended for 3 years under subsection (d), but subject to the changes in eligibility, conditions, and required contributions provided in that subsection.

(d) A member who is not eligible for the early retirement without discount option under subsection (c) may qualify for the early retirement without discount option under this subsection (d) if the member (1) retires on or after July 1, 2013 and before July 1, 2016, (2) applies for a retirement annuity within 6 months of the last day of teaching for which retirement contributions were required, and (3) receives a certification of eligibility under this subsection from the member's last employer. 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.

A qualifying member 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 this election shall also obligate the last employer to make a one-time nonrefundable contribution to the System.

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 14.4% 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. The employer contribution shall be at the rate of 29.3% for each year the member is under age 60.

Upon receipt of the application, election, and certification of eligibility, 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. The avoidance of the reduction in retirement annuity provided under this subsection (d) is not

applicable until the member's contribution has been received by the System; however, the date that contribution is received shall not be considered in determining the effective date of retirement.

Eligibility to retire under this subsection (d) shall require the approval of the member's last employer under this Article, granted in accordance with criteria adopted by that employer with the mutual consent of the bargaining agent of a majority of the members employed by that employer. If the employer grants its approval for a member to retire under this subsection (d), the employer shall submit a certification of eligibility for the member in a manner prescribed by the System.

The early retirement without discount option under this subsection (d) terminates on July 1, 2016.

(Source: P.A. 93-469, eff. 8-8-03; 94-4, eff. 6-1-05.)

(40 ILCS 5/16-152) (from Ch. 108 1/2, par. 16-152)

Sec. 16-152. Contributions by members.

(a) Each member shall make contributions for membership service to this System as follows:

(1) Effective July 1, 1998, contributions of 7.50% of salary towards the cost of the retirement annuity. Such contributions shall be deemed "normal contributions".

(2) Effective July 1, 1969, contributions of 1/2 of 1% of salary toward the cost of the automatic annual increase

in retirement annuity provided under Section 16-133.1.

(3) Effective July 24, 1959, contributions of 1% of salary towards the cost of survivor benefits. Such contributions shall not be credited to the individual account of the member and shall not be subject to refund except as provided under Section 16-143.2.

(4) Effective July 1, 2005, contributions of 0.40% of salary toward the cost of the early retirement without discount option provided under Section 16-133.2. This contribution shall cease upon termination of the early retirement without discount option as provided in Section 16-133.2 ~~16-176~~.

(b) The minimum required contribution for any year of full-time teaching service shall be \$192.

(c) Contributions shall not be required of any annuitant receiving a retirement annuity who is given employment as permitted under Section 16-118 or 16-150.1.

(d) A person who (i) was a member before July 1, 1998, (ii) retires with more than 34 years of creditable service, and (iii) does not elect to qualify for the augmented rate under Section 16-129.1 shall be entitled, at the time of retirement, to receive a partial refund of contributions made under this Section for service occurring after the later of June 30, 1998 or attainment of 34 years of creditable service, in an amount equal to 1.00% of the salary upon which those contributions were based.

(e) A member's contributions toward the cost of early retirement without discount made under item (a)(4) of this Section shall not be refunded if the member has elected early retirement without discount under Section 16-133.2 and has begun to receive a retirement annuity under this Article calculated in accordance with that election. Otherwise, a member's contributions toward the cost of early retirement without discount made under item (a)(4) of this Section shall be refunded according to whichever one of the following circumstances occurs first:

(1) The contributions shall be refunded to the member, without interest, within 120 days after the member's retirement annuity commences, if the member does not elect early retirement without discount under Section 16-133.2.

(2) The contributions shall be included, without interest, in any refund claimed by the member under Section 16-151.

(3) The contributions shall be refunded to the member's designated beneficiary (or if there is no beneficiary, to the member's estate), without interest, if the member dies without having begun to receive a retirement annuity under this Article.

(4) The contributions shall be refunded to the member, without interest, if ~~within 120 days after~~ the early retirement without discount option provided under subsection (d) of Section 16-133.2 is terminated ~~under~~

~~Section 16-176.~~ The System shall provide to the member, within 120 days after the option is terminated, an application for a refund of those contributions.

(Source: P.A. 93-320, eff. 7-23-03; 94-4, eff. 6-1-05.)

(40 ILCS 5/16-176) (from Ch. 108 1/2, par. 16-176)

Sec. 16-176. To adopt actuarial assumptions. For the 5-year period ending June 30, 1997 and every 5 years thereafter, the actuary, as technical advisor, shall make an actuarial investigation into the mortality, service and compensation experience of the members, annuitants, and beneficiaries of the retirement system. Based upon the result of that investigation, the board shall adopt such actuarial assumptions as it deems appropriate.

Beginning with the 5-year period ending June 30, 2012 and every 5 years thereafter through June 30, 2012, the actuarial investigation required under this Section shall include the System's experience under the early retirement without discount option established in Section 16-133.2, including consideration of the sufficiency of the member and employer contributions under Section 16-133.2 and the active member contribution under Section 16-152 to adequately fund the early retirement without discount option. The Board shall promptly communicate the results of the actuarial investigation to the Commission on Government Forecasting and Accountability. Based on the actuarial investigation, the Commission on Government

Forecasting and Accountability shall, no later than February 1 of the next year, recommend to the General Assembly any proportional adjustment in the amounts of the member and employer contributions under Section 16-133.2 that it deems necessary.

~~The~~ If the General Assembly fails to adjust the member and employer contributions under Section 16-133.2 in response to the Commission's recommendations, then the early retirement without discount option under subsection (c) of Section 16-133.2 is extended as provided in subsection (d) of that Section. The early retirement without discount option under subsection (d) of Section 16-133.2 terminates on July 1, 2016 ~~terminated and shall cease to be available at the end of the fiscal year in which the Commission made its recommendation to the General Assembly.~~

(Source: P.A. 94-4, eff. 6-1-05.)

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