

Age and Service Requirements for Retiree Health Care Benefits

Prior to the passage of P.A. 95-0708, CTA retirees were eligible for health care benefits if they had 25 years of service credit, regardless of age. P.A. 95-0708 required CTA retirees to have reached 55 years of age with 10 years of continuous service in order to qualify for retiree health care benefits. P.A. 95-906, which became effective on August 26, 2008, was a technical cleanup bill that created a window for employees who had obtained 25 years of service credit but had not yet reached age 55. The Act allowed these individuals to qualify for retiree healthcare benefits regardless of age, however this window expired on January 1, 2009. SB 1383, as amended by HA #1, would remove the age and service credit requirements of P.A. 95-0708 for individuals hired prior to September 5, 2001, essentially repealing the 55/10 requirement for these individuals.

Actuarial Reporting on Health Care Liabilities

Under current law, the CTA retiree healthcare trust must issue a report to the Auditor General at least 90 days prior to the end of each fiscal year. As part of the reporting requirement, the trustees must propose a 10-year amortization schedule in the event that the present value of projected benefits exceeds the present value of projected contributions and trust income plus assets. SB 1383, as amended by HA #1, clarifies that this 10-year amortization period is an open amortization period that essentially re-starts every fiscal year.

Refund of Health Care Contributions

SB 1383, as amended by HA #1, provides that the Board of Trustees of the CTA Retiree Health Care Trust may adopt rules and regulations providing for the refund of the total contributions made by employees who are not eligible for retiree health care benefits or who elect to waive retiree health care benefits. Current law is silent on this matter.

DH:dkb

LRB095 08206 AMC 53930 a