



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB2795

Introduced 2/4/2020, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-141	from Ch. 108 1/2, par. 7-141
40 ILCS 5/15-135	from Ch. 108 1/2, par. 15-135
40 ILCS 5/16-142.3	from Ch. 108 1/2, par. 16-142.3
30 ILCS 805/8.44 new	

Amends the Illinois Pension Code. In the Illinois Municipal Retirement Fund (IMRF) Article, provides that retirement annuities shall be payable upon attainment of the required age of distribution under a specified provision of the Internal Revenue Code of 1986 (instead of age 70 1/2). In the State Universities Article, provides that if a participant is not an employee of an employer participating in the System or in a reciprocal system on April 1 of the calendar year next following the calendar year in which the participant attains the age specified under a provision of the Internal Revenue Code of 1986 (instead of the age of 70 1/2), the annuity payment period shall begin on that date. In a provision of the Downstate Teacher Article concerning the required distribution of monthly survivor benefits for certain persons, provides that the distribution shall become payable on certain dates or December 1 of the calendar year in which the deceased member or annuitant would have attained age 72 (instead of 70 1/2), whichever occurs latest. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB101 19188 RPS 68651 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 7-141, 15-135, and 16-142.3 as follows:

6 (40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)

7 Sec. 7-141. Retirement annuities - Conditions. Retirement
8 annuities shall be payable as hereinafter set forth:

9 (a) A participating employee who, regardless of cause, is
10 separated from the service of all participating municipalities
11 and instrumentalities thereof and participating
12 instrumentalities shall be entitled to a retirement annuity
13 provided:

14 1. He is at least age 55, or in the case of a person who
15 is eligible to have his annuity calculated under Section
16 7-142.1, he is at least age 50;

17 2. He is not entitled to receive earnings for
18 employment in a position requiring him, or entitling him to
19 elect, to be a participating employee;

20 3. The amount of his annuity, before the application of
21 paragraph (b) of Section 7-142 is at least \$10 per month;

22 4. If he first became a participating employee after
23 December 31, 1961, he has at least 8 years of service. This

1 service requirement shall not apply to any participating
2 employee, regardless of participation date, if the General
3 Assembly terminates the Fund.

4 (b) Retirement annuities shall be payable:

5 1. As provided in Section 7-119;

6 2. Except as provided in item 3, upon receipt by the
7 fund of a written application. The effective date may be
8 not more than one year prior to the date of the receipt by
9 the fund of the application;

10 3. Upon attainment of the required age of distribution
11 under Section 401(a)(9) of the Internal Revenue Code of
12 1986, as amended, age 70 1/2 if the member (i) is no longer
13 in service, and (ii) is otherwise entitled to an annuity
14 under this Article;

15 4. To the beneficiary of the deceased annuitant for the
16 unpaid amount accrued to date of death, if any.

17 (Source: P.A. 97-328, eff. 8-12-11; 97-609, eff. 1-1-12.)

18 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

19 Sec. 15-135. Retirement annuities - Conditions.

20 (a) This subsection (a) applies only to a Tier 1 member. A
21 participant who retires in one of the following specified years
22 with the specified amount of service is entitled to a
23 retirement annuity at any age under the retirement program
24 applicable to the participant:

25 35 years if retirement is in 1997 or before;

1 34 years if retirement is in 1998;
2 33 years if retirement is in 1999;
3 32 years if retirement is in 2000;
4 31 years if retirement is in 2001;
5 30 years if retirement is in 2002 or later.

6 A participant with 8 or more years of service after
7 September 1, 1941, is entitled to a retirement annuity on or
8 after attainment of age 55.

9 A participant with at least 5 but less than 8 years of
10 service after September 1, 1941, is entitled to a retirement
11 annuity on or after attainment of age 62.

12 A participant who has at least 25 years of service in this
13 system as a police officer or firefighter is entitled to a
14 retirement annuity on or after the attainment of age 50, if
15 Rule 4 of Section 15-136 is applicable to the participant.

16 (a-5) A Tier 2 member is entitled to a retirement annuity
17 upon written application if he or she has attained age 67 and
18 has at least 10 years of service credit and is otherwise
19 eligible under the requirements of this Article. A Tier 2
20 member who has attained age 62 and has at least 10 years of
21 service credit and is otherwise eligible under the requirements
22 of this Article may elect to receive the lower retirement
23 annuity provided in subsection (b-5) of Section 15-136 of this
24 Article.

25 (a-10) A Tier 2 member who has at least 20 years of service
26 in this system as a police officer or firefighter is entitled

1 to a retirement annuity upon written application on or after
2 the attainment of age 60 if Rule 4 of Section 15-136 is
3 applicable to the participant. The changes made to this
4 subsection by this amendatory Act of the 101st General Assembly
5 apply retroactively to January 1, 2011.

6 (b) The annuity payment period shall begin on the date
7 specified by the participant or the recipient of a disability
8 retirement annuity submitting a written application. For a
9 participant, the date on which the annuity payment period
10 begins shall not be prior to termination of employment or more
11 than one year before the application is received by the board;
12 however, if the participant is not an employee of an employer
13 participating in this System or in a participating system as
14 defined in Article 20 of this Code on April 1 of the calendar
15 year next following the calendar year in which the participant
16 attains the age specified under Section 401(a)(9) of the
17 Internal Revenue Code of 1986, as amended ~~70-1/2~~, the annuity
18 payment period shall begin on that date regardless of whether
19 an application has been filed. For a recipient of a disability
20 retirement annuity, the date on which the annuity payment
21 period begins shall not be prior to the discontinuation of the
22 disability retirement annuity under Section 15-153.2.

23 (c) An annuity is not payable if the amount provided under
24 Section 15-136 is less than \$10 per month.

25 (Source: P.A. 100-556, eff. 12-8-17; 101-610, eff. 1-1-20.)

1 (40 ILCS 5/16-142.3) (from Ch. 108 1/2, par. 16-142.3)

2 Sec. 16-142.3. Required distributions.

3 (a) A person who would be eligible to receive a monthly
4 survivor benefit under this Article but for the fact that the
5 person has not yet attained age 50, and who has not elected to
6 receive a lump sum distribution under subsection (a) of Section
7 16-141, shall be eligible for a monthly distribution under this
8 subsection (a), provided that the payment of such distribution
9 is required by federal law.

10 The distribution shall become payable on (i) July 1, 1987,
11 (ii) December 1 of the calendar year immediately following the
12 calendar year in which the member or annuitant died, or (iii)
13 December 1 of the calendar year in which the deceased member or
14 annuitant would have attained age 72 ~~70 1/2~~, whichever occurs
15 latest, and shall remain payable until the first of the
16 following to occur: (1) the person becomes eligible to receive
17 a monthly survivor benefit under this Article; (2) the day
18 following the date on which the member ceases to be eligible to
19 receive a monthly survivor benefit upon attainment of age 50,
20 due to remarriage or death; or (3) the day on which such
21 distribution ceases to be required by federal law.

22 The amount of the distribution shall be fixed at the time
23 the distribution first becomes payable, and shall be calculated
24 in the same manner as the monthly survivor benefit under
25 Sections 16-141, 16-142, 16-142.1 and 16-142.2, but excluding
26 any automatic annual increases, supplemental increases, or

1 one-time increases that may be provided by law for monthly
2 survivor benefits.

3 (b) For the purpose of this Section, a distribution shall
4 be deemed to be required by federal law if: (1) directly
5 mandated by federal statute, rule, or administrative or court
6 decision; or (2) indirectly mandated through imposition of
7 substantial tax or other penalties for noncompliance.

8 (c) Notwithstanding Section 1-103.1 of this Code, a member
9 need not be in service on or after the effective date of this
10 amendatory Act of 1989 for the member's surviving spouse to be
11 eligible for a distribution under this Section.

12 (Source: P.A. 86-273.)

13 Section 90. The State Mandates Act is amended by adding
14 Section 8.44 as follows:

15 (30 ILCS 805/8.44 new)

16 Sec. 8.44. Exempt mandate. Notwithstanding Sections 6 and 8
17 of this Act, no reimbursement by the State is required for the
18 implementation of any mandate created by this amendatory Act of
19 the 101st General Assembly.

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