

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 13-301, 13-302, 13-305, 13-306, 13-308, 13-309,
6 13-310, 13-311, 13-314, 13-402, 13-403, 13-502, 13-601, and
7 13-603 and adding Section 13-309.1 as follows:

8 (40 ILCS 5/13-301) (from Ch. 108 1/2, par. 13-301)

9 Sec. 13-301. Retirement annuity; eligibility. Any employee
10 who withdraws from service and meets the age and service
11 requirements and other conditions set forth in subsections (a),
12 (b), (c) or (d) hereof is entitled to receive a retirement
13 annuity.

14 (a) Withdrawal on or after age 60. Any employee, upon
15 withdrawal from service on or after attainment of age 60 and
16 having at least 5 years of service, is entitled to a retirement
17 annuity.

18 (b) Withdrawal on or after attainment of minimum retirement
19 qualifications and prior to age 60.

20 (1) Any employee, upon withdrawal from service on or
21 after attainment of age 55 (age 50 if the employee first
22 entered service before June 13, 1997) but prior to age 60
23 and having at least 10 years of service, is entitled to a
24 retirement annuity as of the date of withdrawal or, at the
25 option of the employee, at any time thereafter.

26 (2) Any employee who withdraws on or after attainment
27 of age 55 (age 50 if the employee first entered service
28 before June 13, 1997) and prior to age 60 having at least 5
29 years but less than 10 years of service is entitled to a
30 retirement annuity upon attainment of age 62, subject to
31 the other requirements of this Article.

32 (3) Any employee who withdraws from service on or after

1 attainment of age 50 but prior to age 60 and is eligible
2 for early retirement without discount under the Rule of 80
3 as provided in subsection (c) of Section 13-302 is entitled
4 to a retirement annuity at the time of withdrawal.

5 (c) Withdrawal prior to minimum retirement age. Any
6 employee, upon withdrawal from service prior to age 55 (age 50
7 if the employee first entered service before June 13, 1997) and
8 having at least 10 years of service, shall become entitled to a
9 retirement annuity upon attainment of age 55 (age 50 if the
10 employee first entered service before June 13, 1997) or, at the
11 option of the employee, at any time thereafter, subject to the
12 other requirements of this Article.

13 (d) Withdrawal while disabled. Any employee having at least
14 5 years of service who has received ordinary disability
15 benefits on or after January 1, 1986 for the maximum period of
16 time hereinafter prescribed, and who continues to be disabled
17 and withdraws from service, shall be entitled to a retirement
18 annuity. In the case of an employee who enters service after
19 the effective date of this amendatory Act of the 93rd General
20 Assembly, the required 5 years of service is exclusive of
21 service credit described in Section 13-313. The age and service
22 conditions as to eligibility for such annuity shall be waived
23 as to the employee, but the early retirement discount under
24 Section 13-302(b) shall apply. If the employee is under age 55
25 on the date of withdrawal, the retirement annuity shall be
26 computed by assuming that the employee is then age 55 and then
27 reduced to its actuarial equivalent at his attained age on that
28 date according to applicable mortality tables and interest
29 rates. The retirement annuity shall not be payable for any
30 period prior to the employee's attainment of age 55 during
31 which the employee is able to return to gainful employment.
32 Upon the employee's death while in receipt of a retirement
33 annuity, a surviving spouse or minor children shall be entitled
34 to receive a surviving spouse's annuity or child's annuity
35 subject to the conditions hereinafter prescribed in Sections
36 13-305 through 13-308.

1 (Source: P.A. 92-599, eff. 6-28-02.)

2 (40 ILCS 5/13-302) (from Ch. 108 1/2, par. 13-302)

3 Sec. 13-302. Computation of retirement annuity.

4 (a) Computation of annuity. An employee who withdraws from
5 service on or after July 1, 1989 and who has met the age and
6 service requirements and other conditions for eligibility set
7 forth in Section 13-301 of this Article is entitled to receive
8 a retirement annuity for life equal to 2.2% of average final
9 salary for each of the first 20 years of service, and 2.4% of
10 average final salary for each year of service in excess of 20.
11 The retirement annuity shall not exceed 80% of average final
12 salary.

13 (b) Early retirement discount. If an employee retires prior
14 to attainment of age 60 with less than 30 years of service, the
15 annuity computed above shall be reduced by 1/2 of 1% for each
16 full month between the date the annuity begins and attainment
17 of age 60, or each full month by which the employee's service
18 is less than 30 years, whichever is less. However, where the
19 employee first enters service after June 13, 1997 and does not
20 have at least 10 years of service exclusive of credit under
21 Article 20, the annuity computed above shall be reduced by 1/2
22 of 1% for each full month between the date the annuity begins
23 and attainment of age 60.

24 (c) Rule of 80 - Early retirement without discount. For an
25 employee who retires on or after January 1, 2003 but on or
26 before December 31, 2007, if the employee is eligible for a
27 retirement annuity under Section 13-301 and has at least 10
28 years of service exclusive of credit under Article 20 and if at
29 the date of withdrawal the employee's age when added to the
30 number of years of his or her creditable service equals at
31 least 80, the early retirement discount in subsection (b) of
32 this Section does not apply. For purposes of this Rule of 80,
33 portions of years shall be considered in whole months.

34 An employee who has terminated employment with the employer
35 under this Article prior to the effective date of this

1 amendatory Act of the 92nd General Assembly and subsequently
2 re-enters service must remain in service with the employer
3 under this Article for at least 2 years after re-entry during
4 the period beginning on January 1, 2003 and ending on December
5 31, 2007 to be entitled to early retirement without discount
6 under this subsection (c).

7 In the case of an employee who retires under the terms of
8 Article 20, eligibility for early retirement without discount
9 under this subsection (c) shall be based upon the employee's
10 age and service credit at the time of withdrawal from the final
11 fund.

12 (c-1) Early retirement without discount; retirement after
13 June 29, 1997 and before January 1, 2003. An employee who (i)
14 has attained age 55 (age 50 if the employee first entered
15 service before June 13, 1997), (ii) has at least 10 years of
16 service exclusive of credit under Article 20, (iii) retires
17 after June 29, 1997 and before January 1, 2003, and (iv)
18 retires within 6 months of the last day for which retirement
19 contributions were required, may elect at the time of
20 application to make a one-time employee contribution to the
21 Fund and thereby avoid the early retirement reduction specified
22 in subsection (b). The exercise of the election shall also
23 obligate the employer to make a one-time nonrefundable
24 contribution to the Fund.

25 The one-time employee and employer contributions shall be a
26 percentage of the retiring employee's highest full-time annual
27 salary, calculated as the total amount of salary included in
28 the highest 26 consecutive pay periods as used in the average
29 final salary calculation, and based on the employee's age and
30 service at retirement. The employee rate shall be 7% multiplied
31 by the lesser of the following 2 numbers: (1) the number of
32 years, or portion thereof, that the employee is less than age
33 60; or (2) the number of years, or portion thereof, that the
34 employee's service is less than 30 years. The employer
35 contribution shall be at the rate of 20% for each year, or
36 portion thereof, that the participant is less than age 60.

1 Upon receipt of the application, the Board shall determine
2 the corresponding employee and employer contributions. The
3 annuity shall not be payable under this subsection until both
4 the required contributions have been received by the Fund.
5 However, the date the contributions are received shall not be
6 considered in determining the effective date of retirement.

7 The number of employees who may retire under this Section
8 in any year may be limited at the option of the District to a
9 specified percentage of those eligible, not lower than 30%,
10 with the right to participate to be allocated among those
11 applying on the basis of seniority in the service of the
12 employer.

13 An employee who has terminated employment and subsequently
14 re-enters service shall not be entitled to early retirement
15 without discount under this subsection unless the employee
16 continues in service for at least 4 years after re-entry.

17 (d) Annual increase. Except for employees retiring and
18 receiving a term annuity, an employee who retires on or after
19 July 1, 1985 but before July 12, 2001, shall, upon the first
20 payment date following the first anniversary of the date of
21 retirement, have the monthly annuity increased by 3% of the
22 amount of the monthly annuity fixed at the date of retirement.
23 Except for employees retiring and receiving a term annuity, an
24 employee who retires on or after July 12, 2001 shall, on the
25 first day of the month in which the first anniversary of the
26 date of retirement occurs, have the monthly annuity increased
27 by 3% of the amount of the monthly annuity fixed at the date of
28 retirement. The monthly annuity shall be increased by an
29 additional 3% on the same date each year thereafter. Beginning
30 January 1, 1993, all annual increases payable under this
31 subsection (or any predecessor provision, regardless of the
32 date of retirement) shall be calculated at the rate of 3% of
33 the monthly annuity payable at the time of the increase,
34 including any increases previously granted under this Article.

35 Any employee who (i) retired before July 1, 1985 with at
36 least 10 years of creditable service, (ii) is receiving a

1 retirement annuity under this Article, other than a term
2 annuity, and (iii) has not received any annual increase under
3 this subsection, shall begin receiving the annual increases
4 provided under this subsection (d) beginning on the next
5 annuity payment date following June 13, 1997.

6 (e) Minimum retirement annuity. Beginning January 1, 1993,
7 the minimum monthly retirement annuity shall be \$500 for any
8 annuitant having at least 10 years of service under this
9 Article, other than a term annuitant or an annuitant who began
10 receiving the annuity before attaining age 60. Any such
11 annuitant who is receiving a monthly annuity of less than \$500
12 shall have the annuity increased to \$500 on that date.

13 Beginning January 1, 1993, the minimum monthly retirement
14 annuity shall be \$250 for any annuitant (other than a term or
15 reciprocal annuitant or an annuitant under subsection (d) of
16 Section 13-301) having less than 10 years of service under this
17 Article, and for any annuitant (other than a term annuitant)
18 having at least 10 years of service under this Article who
19 began receiving the annuity before attaining age 60. Any such
20 annuitant who is receiving a monthly annuity of less than \$250
21 shall have the annuity increased to \$250 on that date.

22 Beginning August 1, 2001 ~~on the first day of the month~~
23 ~~following the month in which this amendatory Act of the 92nd~~
24 ~~General Assembly takes effect~~ (and without regard to whether
25 the annuitant was in service on or after that effective date),
26 the minimum monthly retirement annuity for any annuitant having
27 at least 10 years of service, other than an annuitant whose
28 annuity is subject to an early retirement discount, shall be
29 \$500 plus \$25 for each year of service in excess of 10, not to
30 exceed \$750 for an annuitant with 20 or more years of service.
31 In the case of a reciprocal annuity, this minimum shall apply
32 only if the annuitant has at least 10 years of service under
33 this Article, and the amount of the minimum annuity shall be
34 reduced by the sum of all the reciprocal annuities payable to
35 the annuitant by other participating systems under Article 20
36 of this Code.

1 Notwithstanding any other provision of this subsection,
2 beginning on the first annuity payment date following July 12,
3 2001, an employee who retired before August 23, 1989 with at
4 least 10 years of service under this Article but before
5 attaining age 60 (regardless of whether the retirement annuity
6 was subject to an early retirement discount) shall be entitled
7 to the same minimum monthly retirement annuity under this
8 subsection as an employee who retired with at least 10 years of
9 service under this Article and after attaining age 60.

10 Notwithstanding any other provision of this subsection,
11 beginning on the first day of the month following the month in
12 which this amendatory Act of the 93rd General Assembly takes
13 effect (and without regard to whether the annuitant was in
14 service on or after that effective date), an employee who
15 retired on or after August 23, 1989 with at least 10 years of
16 service under this Article but before attaining age 60
17 (regardless of whether the retirement annuity was subject to an
18 early retirement discount), shall be entitled to the same
19 minimum monthly retirement annuity under this subsection as an
20 employee who retired with at least 10 years of service under
21 this Article and after attaining age 60.

22 (Source: P.A. 92-53, eff. 7-12-01; 92-599, eff. 6-28-02.)

23 (40 ILCS 5/13-305) (from Ch. 108 1/2, par. 13-305)

24 Sec. 13-305. Surviving spouse's annuity; eligibility. A
25 surviving spouse who was married to an employee on the date of
26 the employee's death while in service, or was married to an
27 employee on the date of withdrawal from service and remained
28 married to that employee until the employee's death, shall be
29 entitled to a surviving spouse's annuity payable for life.
30 However, the annuity shall not be payable to the surviving
31 spouse of (1) an employee who withdraws from service before
32 attaining the minimum retirement age unless the deceased
33 employee had at least 55 with less than 10 years of service, or
34 at least less than 5 years of service if the employee was
35 eligible for an annuity upon attainment of age 62 pursuant to

1 Section 13-301(b) or had been receiving a retirement annuity
2 pursuant to Section 13-301(d), or (2) an employee not described
3 in item (1) who first enters service on or after the effective
4 date of this amendatory Act of 1997 and who has been employed
5 as an employee for (i) less than 36 months from the date of the
6 employee's original entry into service or (ii) less than 12
7 months from the employee's date of latest re-entry into
8 service; except as otherwise provided in Section 13-306(a) for
9 an employee whose death arises out of or in the course of the
10 employee's service to the employer.

11 A dissolution of marriage after retirement shall not divest
12 the employee's spouse of the entitlement to a surviving
13 spouse's annuity upon the subsequent death of the employee,
14 provided that the surviving spouse and the deceased employee
15 had been married to each other for a period of not less than 10
16 continuous years on the date of retirement.

17 (Source: P.A. 90-12, eff. 6-13-97.)

18 (40 ILCS 5/13-306) (from Ch. 108 1/2, par. 13-306)

19 Sec. 13-306. Computation of surviving spouse's annuity.

20 (a) Computation of the annuity. The surviving spouse's
21 annuity shall be equal to 60% of the retirement annuity earned
22 and accrued to the credit of the deceased employee, whether
23 death occurs while in service or after withdrawal, plus 1% for
24 each year of total service of the employee to a maximum of 85%;
25 provided, however, that if the employee's death arises out of
26 and in the course of the employee's service to the employer and
27 is compensable under either the Illinois Workers' Compensation
28 Act or Illinois Workers' Occupational Diseases Act, the
29 surviving spouse's annuity is payable regardless of the
30 employee's length of service and shall be not less than 50% of
31 the employee's salary at the date of death.

32 For any death in service the early retirement discount
33 required under Section 13-302(b) shall not be applied in
34 computing the retirement annuity upon which is based the
35 surviving spouse's annuity.

1 For any death after withdrawal and prior to application for
2 annuity benefits, the early retirement discount required under
3 Section 13-302(b) shall be applied in computing the retirement
4 annuity upon which the surviving spouse's annuity is based. The
5 maximum age discount applied to the employee's retirement
6 annuity shall not exceed 60%.

7 Further, the annuity for a surviving spouse of a withdrawn
8 employee who was eligible for an annuity upon attainment of age
9 62 pursuant to Section 13-301(b) but who died prior to age 60
10 shall be based upon an employee annuity that has been reduced
11 by 1/2% for each full month between the date the surviving
12 spouse's annuity begins and attainment of age 60.

13 (b) Reciprocal service. For any employee or annuitant who
14 retires on or after July 1, 1985 and whose death occurs after
15 January 1, 1991, having at least 15 years of service with the
16 employer under this Article, and who was eligible at the time
17 of death or elected at the time of retirement to have his or
18 her retirement annuity calculated as provided in Section 20-131
19 of this Code, the surviving spouse benefit shall be calculated
20 as of the date of the employee's death as indicated in
21 subsection (a) as a percentage of the employee's total benefit
22 as if all service had been with the employer. That benefit
23 shall then be reduced by the amounts payable by each of the
24 reciprocal funds as of the date of death so that the total
25 surviving spouse benefit at that date will be equal to the
26 benefit which would have been payable had all service been with
27 the employer under this Article.

28 (c) Discount for age differential. The annuity for a
29 surviving spouse shall be discounted by 0.25% for each full
30 month that the spouse is younger than the employee as of the
31 date of withdrawal from service or death in service to a
32 maximum discount of 60% of the surviving spouse annuity as
33 calculated under subsections (a), (b), and (e) of this Section.
34 The discount shall be reduced by 10% for each full year the
35 marriage has been in continuous effect as of the date of
36 withdrawal or death in service. There shall be no discount if

1 the marriage has been in continuous effect for 10 full years or
2 more at the time of withdrawal or death in service.

3 (d) Annual increase. Effective August 23, 1989, on the
4 first day of each calendar month in which there occurs an
5 anniversary of the employee's date of retirement or date of
6 death, whichever occurred first, the surviving spouse's
7 annuity, other than a term annuity under Section 13-307, shall
8 be increased by an amount equal to 3% of the amount of the
9 annuity. Beginning January 1, 1993, all annual increases
10 payable under this subsection (or any predecessor provision of
11 this Article) shall be calculated at the rate of 3% of the
12 monthly annuity payable at the time of the increase, including
13 any increases previously granted under this Article.

14 Beginning January 1, 1993, surviving spouse annuitants
15 whose deceased spouse died, retired or withdrew from service
16 before August 23, 1989 with at least 10 years of service under
17 this Article shall be eligible for the annual increases
18 provided under this subsection.

19 (e) Minimum surviving spouse's annuity.

20 (1) Beginning January 1, 1993, the minimum monthly
21 surviving spouse's annuity shall be \$500 for any annuitant
22 whose deceased spouse had at least 10 years of service
23 under this Article, other than a surviving spouse who is a
24 term annuitant or whose deceased spouse began receiving a
25 retirement annuity under this Article before attainment of
26 age 60. Any such surviving spouse annuitant who is
27 receiving a monthly annuity of less than \$500 shall have
28 the annuity increased to \$500 on that date.

29 Beginning January 1, 1993, the minimum monthly
30 surviving spouse's annuity shall be \$250 for any annuitant
31 (other than a term or reciprocal annuitant or an annuitant
32 survivor under subsection (d) of Section 13-301) whose
33 deceased spouse had less than 10 years of service under
34 this Article, and for any annuitant (other than a term
35 annuitant) whose deceased spouse had at least 10 years of
36 service under this Article and began receiving a retirement

1 annuity under this Article before attainment of age 60. Any
2 such surviving spouse annuitant who is receiving a monthly
3 annuity of less than \$250 shall have the annuity increased
4 to \$250 on that date.

5 (2) Beginning August 1, 2001 ~~on the first day of the~~
6 ~~month following the month in which this amendatory Act of~~
7 ~~the 92nd General Assembly takes effect~~ (and without regard
8 to whether the deceased spouse was in service on or after
9 that ~~effective~~ date), the minimum monthly surviving
10 spouse's annuity for any annuitant whose deceased spouse
11 had at least 10 years of service shall be the greater of
12 the following:

13 (A) An amount equal to \$500, plus \$25 for each year
14 of the deceased spouse's service in excess of 10, not
15 to exceed \$750 for an annuitant whose deceased spouse
16 had 20 or more years of service. This subdivision (A)
17 is not applicable if the deceased spouse received a
18 retirement annuity that was subject to an early
19 retirement discount.

20 (B) An amount equal to (i) 50% of the retirement
21 annuity earned and accrued to the credit of the
22 deceased spouse at the time of death, plus (ii) the
23 amount of any annual increases applicable to the
24 surviving spouse's annuity (including the amount of
25 any reversionary annuity) under subsection (d) before
26 July 12, 2001 ~~the effective date of this amendatory Act~~
27 ~~of the 92nd General Assembly~~. In any case in which a
28 refund of excess contributions for the surviving
29 spouse annuity has been paid by the Fund and the
30 surviving spouse annuity is increased due to the
31 application of this subdivision (B), the amount of that
32 refund shall be recovered by the Fund as an offset
33 against the amount of the increase in annuity arising
34 from the application of this subdivision (B).

35 In the case of a reciprocal annuity, the minimum
36 annuity calculated under this subdivision (e) (2) shall

1 apply only if the deceased spouse of the annuitant had
2 at least 10 years of service under this Article, and
3 the amount of the minimum annuity shall be reduced by
4 the sum of all the reciprocal annuities payable to the
5 annuitant by other participating systems under Article
6 20 of this Code.

7 The minimum annuity calculated under this
8 subdivision (e) (2) is in addition to the amount of any
9 reversionary annuity that may be payable.

10 (3) Beginning August 1, 2001 ~~on the first day of the~~
11 ~~month following the month in which this amendatory Act of~~
12 ~~the 92nd General Assembly takes effect~~ (and without regard
13 to whether the deceased spouse was in service on or after
14 that ~~effective~~ date), any surviving spouse who is receiving
15 a term annuity under Section 13-307 or any predecessor
16 provision of this Article may have that term annuity
17 recalculated and converted to a minimum surviving spouse
18 annuity under this subsection (e).

19 (4) Notwithstanding any other provision of this
20 subsection, beginning August 1, 2001 ~~on the first annuity~~
21 ~~payment date following the effective date of this~~
22 ~~amendatory Act of the 92nd General Assembly~~, an annuitant
23 whose deceased spouse retired before August 23, 1989 with
24 at least 10 years of service under this Article but before
25 attaining age 60 (regardless of whether the retirement
26 annuity was subject to an early retirement discount) shall
27 be entitled to the same minimum monthly surviving spouse's
28 annuity under this subsection as an annuitant whose
29 deceased spouse retired with at least 10 years of service
30 under this Article and after attaining age 60. Further
31 notwithstanding any other provision of this subsection,
32 beginning on the first day of the month following the month
33 in which this amendatory Act of the 93rd General Assembly
34 takes effect, an annuitant whose deceased spouse retired on
35 or after August 23, 1989 with at least 10 years of service
36 under this Article but before attaining age 60 (regardless

1 of whether the retirement annuity was subject to an early
2 retirement discount) shall be entitled to the same minimum
3 monthly surviving spouse's annuity under this subsection
4 as an annuitant whose deceased spouse retired with at least
5 10 years of service under this Article and after attaining
6 age 60.

7 (5) The minimum annuity provided under this subsection
8 (e) shall be subject to the age discount provided under
9 subsection (c) of this Section.

10 (Source: P.A. 92-53, eff. 7-12-01.)

11 (40 ILCS 5/13-308) (from Ch. 108 1/2, par. 13-308)

12 Sec. 13-308. Child's annuity.

13 (a) Eligibility. A child's annuity shall be provided for
14 each unmarried child under the age of 18 years (under the age
15 of 23 years in the case of a full-time student) whose employee
16 parent dies while in service, or whose deceased parent is an
17 annuitant or former employee with at least 10 years of
18 creditable service who did not take a refund of employee
19 contributions. Eligibility for benefits to unmarried children
20 over the age of 18 but under the age of 23 begins no earlier
21 than the first day of the month following the month in which
22 this amendatory Act of the 93rd General Assembly takes effect.

23 For purposes of this Section, "employee" includes a former
24 employee, and "child" means the issue of an employee, or a
25 child adopted by an employee if the proceedings for adoption
26 were instituted at least one year prior to the employee's
27 death.

28 Payments shall cease when a child attains the age of 18
29 years (age of 23 years in the case of a full-time student) or
30 marries, whichever first occurs. The annuity shall not be
31 payable unless the employee has been employed as an employee
32 for at least 36 months from the date of the employee's original
33 entry into service (at least 24 months in the case of an
34 employee who first entered service before June 13, ~~the~~
35 ~~effective date of this amendatory Act of 1997)~~ and at least 12

1 months from the date of the employee's latest re-entry into
2 service; provided, however, that if death arises out of and in
3 the course of service to the employer and is compensable under
4 either the Illinois Workers' Compensation Act or Illinois
5 Workers' Occupational Diseases Act, the annuity is payable
6 regardless of the employee's length of service.

7 (b) Amount. A child's annuity shall be \$500 per month for
8 one child and \$350 per month for each additional child, up to a
9 maximum of \$2,500 per month for all children of the employee,
10 as provided in this Section, if a parent of the child is
11 living. The child's annuity shall be \$1,000 per month for one
12 child and \$500 per month for each additional child, up to a
13 maximum of \$2,500 for all children of the employee, when
14 neither parent is alive. The total amount payable to all
15 children of the employee shall be divided equally among those
16 children. Any child's annuity which commenced prior to July 12,
17 2001 ~~the effective date of this amendatory Act of the 92nd~~
18 ~~General Assembly~~ shall be increased upon the first day of the
19 month following the month in which that effective date occurs,
20 to the amount set forth herein.

21 (c) Payment. Until a child attains the age of 18 years, a ~~A~~
22 child's annuity shall be paid to the child's parent or other
23 person who shall be providing for the child without requiring
24 formal letters of guardianship, unless another person shall be
25 appointed by a court of law as guardian.

26 (Source: P.A. 92-53, eff. 7-12-01.)

27 (40 ILCS 5/13-309) (from Ch. 108 1/2, par. 13-309)

28 Sec. 13-309. Duty disability benefit.

29 (a) Any employee who becomes disabled, which disability is
30 the result of an injury or illness compensable under the
31 Illinois Workers' Compensation Act or the Illinois Workers'
32 Occupational Diseases Act, is entitled to a duty disability
33 benefit during the period of disability for which the employee
34 does not receive any part of salary, or any part of a
35 retirement annuity under this Article; except that in the case

1 of an employee who first enters service on or after June 13,
2 ~~the effective date of this amendatory Act of 1997~~ and becomes
3 disabled before the effective date of this amendatory Act of
4 the 93rd General Assembly, a duty disability benefit is not
5 payable for the first 3 days of disability that would otherwise
6 be payable under this Section if the disability does not
7 continue for at least 11 additional days. The changes made to
8 this Section by this amendatory Act of the 93rd General
9 Assembly are prospective only and do not entitle an employee to
10 a duty disability benefit for the first 3 days of any
11 disability that occurred before that effective date and did not
12 continue for at least 11 days. This benefit shall be 75% of
13 salary at the date disability begins. However, if the
14 disability in any measure resulted from any physical defect or
15 disease which existed at the time such injury was sustained or
16 such illness commenced, the duty disability benefit shall be
17 50% of salary.

18 Unless the employer acknowledges that the disability is a
19 result of injury or illness compensable under the Workers'
20 Compensation Act or the Workers' Occupational Diseases Act, the
21 duty disability benefit shall not be payable until the issue of
22 compensability under those Acts is finally adjudicated. The
23 period of disability shall be as determined by the Illinois
24 Industrial Commission or acknowledged by the employer.

25 The first payment shall be made not later than one month
26 after the benefit is granted, and subsequent payments shall be
27 made at least monthly. The Board shall by rule prescribe for
28 the payment of such benefits on the basis of the amount of
29 salary lost during the period of disability.

30 (b) The benefit shall be allowed only if the following
31 requirements are met by the employee:

32 (1) Application is made to the Board within 90 days
33 from the date disability begins;

34 (2) A medical report is submitted by at least one
35 licensed and practicing physician as part of the employee's
36 application; and

1 (3) The employee is examined by at least one licensed
2 and practicing physician appointed by the Board and found
3 to be in a disabled physical condition, and shall be
4 re-examined at least annually thereafter during the
5 continuance of disability. The employee need not be
6 re-examined by a licensed and practicing physician if the
7 attorney for the district certifies in writing that the
8 employee is entitled to receive compensation under the
9 Workers' Compensation Act or the Workers' Occupational
10 Diseases Act.

11 (c) The benefit shall terminate when:

12 (1) The employee returns to work or receives a
13 retirement annuity paid wholly or in part under this
14 Article;

15 (2) The disability ceases;

16 (3) The employee attains age 65, but if the employee
17 becomes disabled at age 60 or later, benefits may be
18 extended for a period of no more than 5 years after
19 disablement;

20 (4) The employee (i) refuses to submit to reasonable
21 examinations by physicians or other health professionals
22 appointed by the Board, (ii) fails or refuses to consent to
23 and sign an authorization allowing the Board to receive
24 copies of or to examine the employee's medical and hospital
25 records, or (iii) fails or refuses to provide complete
26 information regarding any other employment for
27 compensation he or she has received since becoming
28 disabled; or

29 (5) The employee willfully and continuously refuses to
30 follow medical advice and treatment to enable the employee
31 to return to work. However this provision does not apply to
32 an employee who relies in good faith on treatment by prayer
33 through spiritual means alone in accordance with the tenets
34 and practice of a recognized church or religious
35 denomination, by a duly accredited practitioner thereof.

36 In the case of a duty disability recipient who returns to

1 work, the employee must make application to the Retirement
2 Board within 2 years from the date the employee last received
3 duty disability benefits in order to become again entitled to
4 duty disability benefits based on the injury for which a duty
5 disability benefit was theretofore paid.

6 In the event that an interim disability benefit has been
7 received, the benefit paid under this Section shall be subject
8 to adjustment by the Board under Section 13-309.1.

9 (Source: P.A. 90-12, eff. 6-13-97; 91-887, eff. 7-6-00.)

10 (40 ILCS 5/13-309.1 new)

11 Sec. 13-309.1. Interim disability benefit.

12 (a) An employee who claims to be physically incapacitated
13 to perform the duties of his or her position shall receive an
14 interim disability benefit, provided that:

15 (1) the employer, being a separate entity from the
16 Retirement System governed by this Article, (i) has
17 formally denied all employer-paid temporary total
18 disability benefits under the Workers' Compensation Act or
19 the Workers' Occupational Diseases Act and an appeal of
20 that denial is pending before the Industrial Commission of
21 Illinois, or (ii) has granted and then terminated for any
22 reason an employer-paid temporary total disability benefit
23 and the employee has filed a petition for emergency hearing
24 under Section 19(b-1) of the Workers' Compensation Act or
25 Section 19(b-1) of the Workers' Occupational Diseases Act;
26 and

27 (2) application is made not later than (i) 3 months
28 after the date that the disability results in loss of pay,
29 (ii) 3 months after the date the employer has formally
30 denied or terminated the employer-paid temporary total
31 disability benefit, or (iii) in the case of termination of
32 an employer-paid temporary total disability benefit, 3
33 months after the effective date of this amendatory Act of
34 the 93rd General Assembly, whichever occurs last; and

35 (3) proper proof is received from one or more

1 physicians certifying that the employee is physically
2 incapacitated.

3 (b) In the case of a denial of benefits, the interim
4 disability benefit shall begin to accrue on the 1st day of
5 absence from work on account of disability, but the benefit
6 shall not become actually payable to the employee until the
7 payroll following the Board meeting at which the benefit is
8 granted. The employee must provide proof of filing a pending
9 appeal of that denial before the Industrial Commission of
10 Illinois.

11 In the case of termination of an employer-paid temporary
12 total disability benefit, the interim disability benefit under
13 this Section shall be calculated from the day following the
14 date of termination of the employer-paid benefit, but shall not
15 become payable to the employee until the payroll following the
16 Board meeting at which the benefit is granted. The employee
17 must provide proof of filing a petition for emergency hearing
18 under Section 19(b-1) of the Workers' Compensation Act or
19 Section 19(b-1) of the Workers' Occupational Diseases Act.

20 Only one interim benefit under this subsection may be
21 awarded per injury. If a terminated employer-paid temporary
22 total disability benefit is resumed or replaced with another
23 employer-paid disability benefit and the resumed or
24 replacement benefit is later terminated and the employee again
25 files a petition for emergency hearing under Section 19(b-1) of
26 the Workers' Compensation Act or Section 19(b-1) of the
27 Workers' Occupational Diseases Act, the employee may again
28 become eligible to receive an interim disability benefit under
29 this Section.

30 The benefit is not payable for any disability which begins
31 during any period of unpaid leave of absence. No benefit shall
32 be allowed for any period of disability prior to 30 days before
33 application is made, unless the Board finds good cause for the
34 delay in filing the application. The benefit shall not be paid
35 during any period for which the employee receives or is
36 entitled to receive any part of salary.

1 The benefit shall continue to accrue for no more than 3
2 months or until the first of the following events occurs:

3 (1) the disability ceases;

4 (2) the employee engages in gainful employment or
5 receives a retirement annuity paid wholly or in part under
6 this Article;

7 (3) a payment is made on the employee's claim pursuant
8 to a determination made by the employer under the Workers'
9 Compensation Act or the Workers' Occupational Diseases
10 Act;

11 (4) a final determination is made on the employee's
12 claim by the Industrial Commission of Illinois;

13 (5) the date on which the aggregate period for which
14 interim disability payments added to the period for which
15 ordinary disability benefits have been made becomes equal
16 to 25% of the employee's total period of creditable
17 service, not including the time for which he or she has
18 received an interim disability benefit or ordinary
19 disability benefit, and with a cumulative maximum of 5
20 years for ordinary disability and interim disability
21 benefits combined for purposes of this item (5) only; or

22 (6) the employee (i) refuses to submit to reasonable
23 examinations by physicians or other health professionals
24 appointed by the Board, or (ii) fails or refuses to consent
25 to and sign an authorization allowing the Board to receive
26 copies of or to examine the employee's medical and hospital
27 records, or (iii) fails or refuses to provide complete
28 information regarding any other employment for
29 compensation he or she has received since becoming
30 disabled, or (iv) willfully and continuously refuses to
31 follow medical advice and treatment to enable the employee
32 to return to work.

33 (c) The interim disability benefit shall be 50% of the
34 employee's salary at the date of disability.

35 (d) The interim disability benefit provided under this
36 Section is intended as a temporary payment of duty disability

1 or ordinary disability benefit, whichever is appropriate, in
2 cases in which the character of the disability as either a duty
3 disability or an ordinary disability has not been finally
4 determined.

5 When an employer-paid disability benefit is paid or
6 resumed, the Board shall calculate the benefit that is payable
7 under Section 13-309 and shall deduct from the benefit payable
8 under Section 13-309 the amounts already paid under this
9 Section; those amounts shall then be treated as if they had
10 been paid under Section 13-309.

11 When a final determination of the character of the
12 disability has been made by the Industrial Commission of
13 Illinois, or by settlement between the parties to the disputed
14 claim, the Board shall calculate the benefit that is payable
15 under Section 13-309 or 13-310, whichever is applicable, and
16 shall deduct from such benefit the amounts already paid under
17 this Section; such amounts shall then be treated as if they had
18 been paid under Section 13-309 or 13-310.

19 (e) Any excess benefits paid under this Section shall be
20 subject to direct and immediate recovery by the Fund from
21 benefits payable under the Workers' Compensation Act or the
22 Workers' Occupational Diseases Act or from third parties as
23 provided in Section 13-311, or from any other benefits payable
24 either to the member or on his behalf under this Article. A
25 member who accepts benefits under this Section acknowledges and
26 authorizes these recovery rights of the System. In the event
27 that this Retirement System does not receive immediate recovery
28 according to this subsection (e), the employee must pay to the
29 Fund the excess benefit amount, plus interest at the annual
30 rate from time to time determined by the Board, compounded
31 annually from the date the benefit was paid to the employee by
32 the third party to the date of payment to this Retirement
33 System by the employee.

34 (f) The Board shall prescribe rules governing the filing of
35 claims for interim disability benefits, and the investigation,
36 control and supervision of those claims.

1 (g) References in this Section to employer-paid benefits
2 include benefits paid for by the Employer, either directly or
3 through a program of insurance or self-insurance; but the term
4 does not include benefits paid by the Fund under this Article.

5 (40 ILCS 5/13-310) (from Ch. 108 1/2, par. 13-310)

6 Sec. 13-310. Ordinary disability benefit.

7 (a) Any employee who becomes disabled as the result of any
8 cause other than injury or illness incurred in the performance
9 of duty for the employer or any other employer, or while
10 engaged in self-employment activities, shall be entitled to an
11 ordinary disability benefit. The eligible period for this
12 benefit shall be 25% of the employee's total actual service
13 prior to the date of disability with a cumulative maximum
14 period of 5 years.

15 (b) The benefit shall be allowed only if the employee files
16 an application in writing with the Board, and a medical report
17 is submitted by at least one licensed and practicing physician
18 as part of the employee's application.

19 The benefit is not payable for any disability which begins
20 during any period of unpaid leave of absence. No benefit shall
21 be allowed for any period of disability prior to 30 days before
22 application is made, unless the Board finds good cause for the
23 delay in filing the application. The benefit shall not be paid
24 during any period for which the employee receives or is
25 entitled to receive any part of salary.

26 The benefit is not payable for any disability which begins
27 during any period of absence from duty other than allowable
28 vacation time in any calendar year. An employee whose
29 disability begins during any such ineligible period of absence
30 from service may not receive benefits until the employee
31 recovers from the disability and is in service for at least 15
32 consecutive working days after such recovery.

33 In the case of an employee who first enters service on or
34 after June 13, ~~the effective date of this amendatory Act of~~
35 1997, an ordinary disability benefit is not payable for the

1 first 3 days of disability that would otherwise be payable
2 under this Section if the disability does not continue for at
3 least 11 additional days.

4 Beginning on the effective date of this amendatory Act of
5 the 93rd General Assembly, an employee who first entered
6 service on or after June 13, 1997 is also eligible for ordinary
7 disability benefits on the 31st day after the last day worked,
8 provided all sick leave is exhausted.

9 (c) The benefit shall be 50% of the employee's salary at
10 the date of disability, and shall terminate when the earliest
11 of the following occurs:

12 (1) The employee returns to work or receives a
13 retirement annuity paid wholly or in part under this
14 Article;

15 (2) The disability ceases;

16 (3) The employee willfully and continuously refuses to
17 follow medical advice and treatment to enable the employee
18 to return to work. However this provision does not apply to
19 an employee who relies in good faith on treatment by prayer
20 through spiritual means alone in accordance with the tenets
21 and practice of a recognized church or religious
22 denomination, by a duly accredited practitioner thereof;

23 (4) The employee (i) refuses to submit to a reasonable
24 physical examination within 30 days of application by a
25 physician appointed by the Board, (ii) in the case of
26 chronic alcoholism, the employee refuses to join a
27 rehabilitation program licensed by the Department of
28 Public Health of the State of Illinois and certified by the
29 Joint Commission on the Accreditation of Hospitals, (iii)
30 fails or refuses to consent to and sign an authorization
31 allowing the Board to receive copies of or to examine the
32 employee's medical and hospital records, or (iv) fails or
33 refuses to provide complete information regarding any
34 other employment for compensation he or she has received
35 since becoming disabled; or

36 (5) The eligible period for this benefit has been

1 exhausted.

2 The first payment of the benefit shall be made not later
3 than one month after the same has been granted, and subsequent
4 payments shall be made at intervals of not more than 30 days.

5 (d) In the event that an interim disability benefit has
6 been received, the benefit paid under this Section shall be
7 subject to adjustment by the Board under Section 13-309.1.

8 (Source: P.A. 90-12, eff. 6-13-97; 91-887, eff. 7-6-00.)

9 (40 ILCS 5/13-311) (from Ch. 108 1/2, par. 13-311)

10 Sec. 13-311. Credit for Workers' Compensation payments. If
11 an employee, or an employee's spouse or children, receives
12 compensation under any workers' compensation or occupational
13 diseases law, the benefit payable under this Article shall be
14 reduced by the amount of the compensation so received if the
15 amount is less than the annuity or benefit. If the compensation
16 exceeds the annuity or benefit, no payment of annuity or
17 benefit shall be made until the period of time has elapsed when
18 the annuity or benefit payable at the rates provided in this
19 Article equals the amount of such compensation. However, the
20 commutation of compensation to a lump sum basis as provided in
21 the workers' compensation or occupational diseases law shall
22 not increase the annuity or benefit provided under this
23 Article; the annuity or benefit to be paid hereunder shall be
24 based on the amount of compensation awarded under such laws
25 prior to commutation of such compensation. No interest shall be
26 considered in these calculations, except for benefits paid
27 under Section 13-309.1.

28 (Source: P.A. 91-887, eff. 7-6-00.)

29 (40 ILCS 5/13-314) (from Ch. 108 1/2, par. 13-314)

30 Sec. 13-314. Alternative provisions for Water Reclamation
31 District commissioners.

32 (a) Transfer of credits. Any Water Reclamation District
33 commissioner elected by vote of the people and who has elected
34 to participate in this Fund may transfer to this Fund credits

1 and creditable service accumulated under any other pension fund
2 or retirement system established under Articles 2 through 18 of
3 this Code, upon payment to the Fund of (1) the amount by which
4 the employer and employee contributions that would have been
5 required if he had participated in this Fund during the period
6 for which credit is being transferred, plus interest, exceeds
7 the amounts actually transferred from such other fund or system
8 to this Fund, plus (2) interest thereon at 6% per year
9 compounded annually from the date of transfer to the date of
10 payment.

11 (b) Alternative annuity. Any participant commissioner may
12 elect to establish alternative credits for an alternative
13 annuity by electing in writing to make additional optional
14 contributions in accordance with this Section and procedures
15 established by the Board. Unless and until such time as the
16 U.S. Internal Revenue Service or the federal courts provide a
17 favorable ruling as described in Section 13-502(f), a ~~such~~
18 commissioner may discontinue making the additional optional
19 contributions by notifying the Fund in writing in accordance
20 with this Section and procedures established by the Board.

21 Additional optional contributions for the alternative
22 annuity shall be as follows:

23 (1) For service after the option is elected, an
24 additional contribution of 3% of salary shall be
25 contributed to the Fund on the same basis and under the
26 same conditions as contributions required under Section
27 13-502.

28 (2) For contributions on past service, the additional
29 contribution shall be 3% of the salary for the applicable
30 period of service, plus interest at the annual rate from
31 time to time as determined by the Board, compounded
32 annually from the date of service to the date of payment.
33 Contributions for service before the option is elected may
34 be made in a lump sum payment to the Fund or by
35 contributing to the Fund on the same basis and under the
36 same conditions as contributions required under Section

1 13-502. All payments for past service must be paid in full
2 before credit is given. No additional optional
3 contributions may be made for any period of service for
4 which credit has been previously forfeited by acceptance of
5 a refund, unless the refund is repaid in full with interest
6 at the rate specified in Section 13-603, from the date of
7 refund to the date of repayment.

8 In lieu of the retirement annuity otherwise payable under
9 this Article, any commissioner who has elected to participate
10 in the Fund and make additional optional contributions in
11 accordance with this Section, has attained age 55, and has at
12 least 6 years of service credit, may elect to have the
13 retirement annuity computed as follows: 3% of the participant's
14 average final salary as a commissioner for each of the first 8
15 years of service credit, plus 4% of such salary for each of the
16 next 4 years of service credit, plus 5% of such salary for each
17 year of service credit in excess of 12 years, subject to a
18 maximum of 80% of such salary. To the extent such commissioner
19 has made additional optional contributions with respect to only
20 a portion of years of service credit, the retirement annuity
21 will first be determined in accordance with this Section to the
22 extent such additional optional contributions were made, and
23 then in accordance with the remaining Sections of this Article
24 to the extent of years of service credit with respect to which
25 additional optional contributions were not made. The change in
26 minimum retirement age (from 60 to 55) made by this amendatory
27 Act of 1993 applies to persons who begin receiving a retirement
28 annuity under this Section on or after the effective date of
29 this amendatory Act, without regard to whether they are in
30 service on or after that date.

31 (c) Disability benefits. In lieu of the disability benefits
32 otherwise payable under this Article, any commissioner who (1)
33 has elected to participate in the Fund, and (2) has become
34 permanently disabled and as a consequence is unable to perform
35 the duties of office, and (3) was making optional contributions
36 in accordance with this Section at the time the disability was

1 incurred, may elect to receive a disability annuity calculated
2 in accordance with the formula in subsection (b). For the
3 purposes of this subsection, such commissioner shall be
4 considered permanently disabled only if: (i) disability occurs
5 while in service as a commissioner and is of such a nature as
6 to prevent the reasonable performance of the duties of office
7 at the time; and (ii) the Board has received a written
8 certification by at least 2 licensed physicians appointed by it
9 stating that such commissioner is disabled and that the
10 disability is likely to be permanent.

11 (d) Alternative survivor's benefits. In lieu of the
12 survivor's benefits otherwise payable under this Article, the
13 spouse or eligible child of any deceased commissioner who (1)
14 had elected to participate in the Fund, and (2) was either
15 making additional optional contributions on the date of death,
16 or was receiving an annuity calculated under this Section at
17 the time of death, may elect to receive an annuity beginning on
18 the date of the commissioner's death, provided that the spouse
19 and commissioner must have been married on the date of the last
20 termination of a service as commissioner and for a continuous
21 period of at least one year immediately preceding death.

22 The annuity shall be payable beginning on the date of the
23 commissioner's death if the spouse is then age 50 or over, or
24 beginning at age 50 if the age of the spouse is less than 50
25 years. If a minor unmarried child or children of the
26 commissioner, under age 18, also survive, and the child or
27 children are under the care of the eligible spouse, the annuity
28 shall begin as of the date of death of the commissioner without
29 regard to the spouse's age.

30 The annuity to a spouse shall be $66 \frac{2}{3}\%$ of the amount of
31 retirement annuity earned by the commissioner on the date of
32 death, subject to a minimum payment of 10% of salary, provided
33 that if an eligible spouse, regardless of age, has in his or
34 her care at the date of death of the commissioner any unmarried
35 child or children of the commissioner under age 18, the minimum
36 annuity shall be 30% of the commissioner's salary, plus 10% of

1 salary on account of each minor child of the commissioner,
2 subject to a combined total payment on account of a spouse and
3 minor children not to exceed 50% of the deceased commissioner's
4 salary. In the event there shall be no spouse of the
5 commissioner surviving, or should a spouse die while eligible
6 minor children still survive the commissioner, each such child
7 shall be entitled to an annuity equal to 20% of salary of the
8 commissioner subject to a combined total payment on account of
9 all such children not to exceed 50% of salary of the
10 commissioner. The salary to be used in the calculation of these
11 benefits shall be the same as that prescribed for determining a
12 retirement annuity as provided in subsection (b) of this
13 Section.

14 Upon the death of a commissioner occurring after
15 termination of a service or while in receipt of a retirement
16 annuity, the combined total payment to a spouse and minor
17 children, or to minor children alone if no eligible spouse
18 survives, shall be limited to 75% of the amount of retirement
19 annuity earned by the commissioner.

20 Adopted children shall have status as natural children of
21 the commissioner only if the proceedings for adoption were
22 commenced at least one year prior to the date of the
23 commissioner's death.

24 Marriage of a child or attainment of age 18, whichever
25 first occurs, shall render the child ineligible for further
26 consideration in the payment of annuity to a spouse or in the
27 increase in the amount thereof. Upon attainment of
28 ineligibility of the youngest minor child of the commissioner,
29 the annuity shall immediately revert to the amount payable upon
30 death of a commissioner leaving no minor children surviving. If
31 the spouse is under age 50 at such time, the annuity as revised
32 shall be deferred until such age is attained.

33 (e) Refunds. Refunds of additional optional contributions
34 shall be made on the same basis and under the same conditions
35 as provided under Section 13-601. Interest shall be credited on
36 the same basis and under the same conditions as for other

1 contributions.

2 Optional contributions shall be accounted for in a separate
3 Commission's Optional Contribution Reserve. Optional
4 contributions under this Section shall be included in the
5 amount of employee contributions used to compute the tax levy
6 under Section 13-503.

7 (f) Effective date. The effective date of this plan of
8 optional alternative benefits and contributions shall be the
9 date upon which approval was received from the U.S. Internal
10 Revenue Service. The plan of optional alternative benefits and
11 contributions shall not be available to any former employee
12 receiving an annuity from the Fund on the effective date,
13 unless said former employee re-enters service and renders at
14 least 3 years of additional service after the date of re-entry
15 as a commissioner.

16 (Source: P.A. 90-12, eff. 6-13-97; 91-887, eff. 7-6-00.)

17 (40 ILCS 5/13-402) (from Ch. 108 1/2, par. 13-402)

18 Sec. 13-402. Length of service. For the purpose of
19 computing the length of service for the retirement annuity,
20 surviving spouse's annuity, and child's annuity, and
21 calculating the minimum service requirement for payment of
22 military service under subsection (b) of Section 13-403,
23 service of 120 days in any one calendar year shall constitute
24 one year of service and service for any fractional part thereof
25 shall constitute an equal fractional part of one year of
26 service unless specifically provided otherwise. For all other
27 purposes under this Article, including but not limited to the
28 optional plans of additional benefits and contributions
29 provided under Sections 13-304, 13-304.1, and 13-314 of this
30 Article, 26 pay periods of service during any 12 consecutive
31 months shall constitute a year of service, and service rendered
32 for 50% or more of a single pay period shall constitute service
33 for the full pay period. Service of less than 50% of a single
34 pay period shall not be counted.

35 (Source: P.A. 93-334, eff. 7-24-03.)

1 (40 ILCS 5/13-403) (from Ch. 108 1/2, par. 13-403)

2 Sec. 13-403. Military service.

3 (a) Any employee who, after commencement of service with
4 the Employer, enlisted, was inducted or was otherwise ordered
5 to serve in the military forces of the United States pursuant
6 to any law, shall receive full service credit for the various
7 purposes of this Article as though the employee were in the
8 active service of the Employer during the period of military
9 service provided that:

10 (1) ~~beginning July 1, 1963,~~ such service credit shall
11 be granted ~~only~~ for military service for which the employee
12 volunteers or is inducted or called into military service
13 pursuant to a call of a duly constituted authority or a law
14 of the United States declaring a national emergency;

15 (2) the employee returns to the employ of the Employer
16 within 90 days after the termination of the national
17 emergency; and

18 (3) the total service credit for such military service
19 shall not exceed 5 years except that any employee who on
20 July 1, 1963 had accrued more than 5 years of such credit
21 shall be entitled to the total amount thereof.

22 (b) For a ten-year period following the effective date of
23 this amendatory Act of the 93rd General Assembly, a
24 contributing employee or commissioner meeting the minimum
25 service requirements provided under this subsection may
26 establish additional service credit for a period of up to 2
27 years of active military service in the United States Armed
28 Forces for which he or she does not qualify for credit under
29 subsection (a), provided that (1) the person was not
30 dishonorably discharged from the military service, and (2) the
31 amount of service credit established by the person under this
32 subsection (b), when added to the amount of any military
33 service credit granted to the person under subsection (a),
34 shall not exceed 5 years.

35 The minimum service requirement for a contributing

1 employee is 10 years of service credit as provided in Sections
2 13-401 and 13-402 of this Article and exclusive of Article 20.
3 The minimum service requirement for a contributing
4 commissioner is 5 years of service credit as provided in
5 Sections 13-401 and 13-402 of this Article and exclusive of
6 Article 20.

7 In order to establish military service credit under this
8 subsection (b), the applicant must submit a written application
9 to the Fund, including the applicant's discharge papers from
10 military service, and pay to the Fund (i) employee
11 contributions at the rates provided in this Article, based upon
12 the person's salary on the last date as a participating
13 employee prior to the military service or on the first date as
14 a participating employee after the military service, whichever
15 is greater, plus (ii) the current amount determined by the
16 board to be equal to the employer's normal cost of the benefits
17 accrued for such military service, plus (iii) regular interest
18 of 3% compounded annually on items (i) and (ii) from the date
19 of entry or re-entry as a participating employee following the
20 military service to the date of payment. Contributions must be
21 paid in full before the credit is granted. Credit established
22 under this subsection may be used for pension purposes only.

23 Notwithstanding any other provision of this Section, a
24 person may not establish creditable service under this Section
25 for any period for which the person receives credit under any
26 other public employee retirement system, unless the credit
27 under that other retirement system has been irrevocably
28 relinquished.

29 (Source: P.A. 93-334, eff. 7-24-03.)

30 (40 ILCS 5/13-502) (from Ch. 108 1/2, par. 13-502)

31 Sec. 13-502. Employee contributions; deductions from
32 salary.

33 (a) Retirement annuity and child's annuity. There shall be
34 deducted from each payment of salary an amount equal to 7 1/2%
35 of salary as the employee's contribution for the retirement

1 annuity, including annual increases therefore and child's
2 annuity.

3 (b) Surviving spouse's annuity. There shall be deducted
4 from each payment of salary an amount equal to 1 1/2% of salary
5 as the employee's contribution for the surviving spouse's
6 annuity and annual increases therefor.

7 (c) Pickup of employee contributions. The Employer may pick
8 up employee contributions required under subsections (a) and
9 (b) of this Section. If contributions are picked up they shall
10 be treated as Employer contributions in determining tax
11 treatment under the United States Internal Revenue Code, and
12 shall not be included as gross income of the employee until
13 such time as they are distributed. The Employer shall pay these
14 employee contributions from the same source of funds used in
15 paying salary to the employee. The Employer may pick up these
16 contributions by a reduction in the cash salary of the employee
17 or by an offset against a future salary increase or by a
18 combination of a reduction in salary and offset against a
19 future salary increase. If employee contributions are picked up
20 they shall be treated for all purposes of this Article 13,
21 including Sections 13-503 and 13-601, in the same manner and to
22 the same extent as employee contributions made prior to the
23 date picked up.

24 (d) Subject to the requirements of federal law, the
25 Employer shall pick up optional contributions that the employee
26 has elected to pay to the Fund under Section 13-304.1, and the
27 contributions so picked up shall be treated as employer
28 contributions for the purposes of determining federal tax
29 treatment. The Employer shall pick up the contributions by a
30 reduction in the cash salary of the employee and shall pay the
31 contributions from the same fund that is used to pay earnings
32 to the employee. The Employer shall, however, continue to
33 withhold federal and State income taxes based upon
34 contributions made under Section 13-304.1 until the Internal
35 Revenue Service or the federal courts rule that pursuant to
36 Section 414(h) of the U.S. Internal Revenue Code of 1986, as

1 amended, these contributions shall not be included as gross
2 income of the employee until such time as they are distributed
3 or made available.

4 (e) Each employee is deemed to consent and agree to the
5 deductions from compensation provided for in this Article.

6 (f) Subject to the requirements of federal law, the
7 Employer shall pick up contributions that a commissioner has
8 elected to pay to the Fund under Section 13-314, and the
9 contributions so picked up shall be treated as employer
10 contributions for the purposes of determining federal tax
11 treatment. The Employer shall pick up the contributions by a
12 reduction in the cash salary of the commissioner and shall pay
13 the contributions from the same fund as is used to pay earnings
14 to the commissioner. The Employer shall, however, continue to
15 withhold federal and State income taxes based upon
16 contributions made under Section 13-314 until the U.S. Internal
17 Revenue Service or the federal courts rule that pursuant to
18 Section 414(h) of the Internal Revenue Code of 1986, as
19 amended, these contributions shall not be included as gross
20 income of the employee until such time as they are distributed
21 or made available.

22 (Source: P.A. 92-599, eff. 6-28-02.)

23 (40 ILCS 5/13-601) (from Ch. 108 1/2, par. 13-601)

24 Sec. 13-601. Refunds.

25 (a) Withdrawal from service. Upon withdrawal from service,
26 an employee under age 55 (age 50 if the employee first entered
27 service before June 13, 1997), or an employee age 55 (age 50 if
28 the employee first entered service before June 13, 1997) or
29 over but less than 60 having less than 20 years of service, or
30 an employee age 60 or over having less than 5 years of service
31 shall be entitled, upon application, to a refund of total
32 contributions from salary deductions or amounts otherwise paid
33 under this Article by the employee. The refund shall not
34 include interest credited to the contributions. The Board may,
35 in its discretion, withhold payment of a refund for a period

1 not to exceed one year from the date of filing an application
2 for refund.

3 (b) Surviving spouse's annuity contributions. A refund of
4 all amounts deducted from salary or otherwise contributed by an
5 employee for the surviving spouse's annuity shall be paid upon
6 retirement to any employee who on the date of retirement is
7 either not married or is married but whose spouse is not
8 eligible for a surviving spouse's annuity paid wholly or in
9 part under this Article. The refund shall include interest on
10 each contribution at the rate of 3% per annum compounded
11 annually from the date of the contribution to the date of the
12 refund.

13 (c) When paid to children, estate or beneficiary. Whenever
14 the total accumulations, to the account of an employee from
15 employee contributions, including interest, have not been paid
16 to the employee and surviving spouse as a retirement or
17 spouse's annuity before the death of the survivor of the
18 employee and spouse, a refund shall be paid as follows: an
19 amount equal to the excess of such amounts over the amounts
20 paid on such annuities without interest on either such amount,
21 shall be paid to the children of the employee, in equal parts
22 to each, unless the employee has directed in writing, signed by
23 him before an officer authorized to administer oaths, and filed
24 with the Board before the employee's death, that any such
25 amount shall be refunded and paid to any one or more of such
26 children; and if there are not children, such other beneficiary
27 or beneficiaries as might be designated by the employee. If
28 there are no such children or designation of beneficiary, the
29 refund shall be paid to the personal representative of the
30 employee's estate.

31 If a personal representative of the estate has not been
32 appointed within 90 days from the date on which a refund became
33 payable, the refund may be applied, in the discretion of the
34 Board, toward the payment of the employee's or the surviving
35 spouse's burial expenses. Any remaining balance shall be paid
36 to the heirs of the employee according to the law of descent

1 and distribution of the State of Illinois.

2 If a reversionary annuity becomes payable under Section
3 13-303, the refund provided in this section shall not be paid
4 until the death of the reversionary annuitant and the refund
5 otherwise payable under this section shall be then further
6 reduced by the amount of the reversionary annuity paid.

7 (d) In lieu of annuity. Notwithstanding the provisions set
8 forth in subsection (a) of this section, whenever an employee's
9 or surviving spouse's annuity will be less than \$200 per month,
10 the employee or surviving spouse, as the case may be, may elect
11 to receive a refund of accumulated employee contributions;
12 provided, however, that if the election is made by a surviving
13 spouse the refund shall be reduced by any amounts theretofore
14 paid to the employee in the form of an annuity.

15 (e) Forfeiture of rights. An employee or surviving spouse
16 who receives a refund forfeits the right to receive an annuity
17 or any other benefit payable under this Article except that if
18 the refund is to a surviving spouse, any child or children of
19 the employee shall not be deprived of the right to receive a
20 child's annuity as provided in Section 13-308 of this Article,
21 and the payment of a child's annuity shall not reduce the
22 amount refundable to the surviving spouse.

23 (Source: P.A. 87-794; 87-1265.)

24 (40 ILCS 5/13-603) (from Ch. 108 1/2, par. 13-603)

25 Sec. 13-603. Restoration of rights. If an employee who has
26 received a refund subsequently re-enters the service and
27 renders one year of contributing service from the date of such
28 re-entry, the employee shall be entitled to have restored all
29 accumulation and service credits previously forfeited by
30 making a repayment of the refund, including interest from the
31 date of the refund to the date of repayment at a rate equal to
32 the higher of 8% per annum or the actuarial investment return
33 assumption used in the Fund's most recent Annual Actuarial
34 Statement. Repayment may be made either directly to the Fund or
35 in a manner similar to that provided for the contributions

1 required under Section 13-502. The service credits represented
2 thereby, or any part thereof, shall not become effective unless
3 the full amount due has been paid by the employee, including
4 interest. The repayment must be made in full no later than 90
5 days following the date of the employee's final withdrawal from
6 service. If the employee fails to make a full repayment, any
7 partial amounts paid by the employee shall be refunded without
8 interest ~~if the employee dies in service or withdraws.~~

9 (Source: P.A. 91-887, eff. 7-6-00.)

10 Section 90. The State Mandates Act is amended by adding
11 Section 8.28 as follows:

12 (30 ILCS 805/8.28 new)

13 Sec. 8.28. Exempt mandate. Notwithstanding Sections 6 and 8
14 of this Act, no reimbursement by the State is required for the
15 implementation of any mandate created by this amendatory Act of
16 the 93rd General Assembly.

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