

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 13-303, 13-308, 13-309, 13-314, and 13-601 as follows:

(40 ILCS 5/13-303) (from Ch. 108 1/2, par. 13-303)

Sec. 13-303. Reversionary annuity.

(a) An employee, prior to retirement on annuity, may elect a lesser amount of annuity and provide, with the actuarial value of the amount by which his annuity is reduced, a reversionary annuity for a wife, husband, parents, children, brothers or sisters. The election may be exercised by filing a written designation with the Board prior to retirement, and may be revoked by the employee at any time before retirement. The death of the employee prior to retirement shall automatically void the election.

(b) The death of the designated reversionary annuitant prior to the employee's retirement shall automatically void the election, but, if death of the designated reversionary annuitant occurs after retirement, the reduced annuity being paid to the retired employee annuitant shall remain unchanged and no reversionary annuity shall be payable.

No reversionary annuity shall be paid if the employee dies

before the expiration of 730 days from the date the written designation was filed with the board, even though the employee retired and was receiving a reduced annuity.

(c) An employee exercising this option shall not reduce the annuity by more than 25%, nor elect to provide a reversionary annuity of less than \$100 per month. No such option shall be permitted if the reversionary annuity for a surviving spouse, when added to the surviving spouse's annuity payable under this Article, exceeds 85% of the reduced annuity payable to the employee.

(d) A reversionary annuity shall begin on the day following the death of the annuitant, with the first payment due and payable one month later, and shall continue monthly thereafter until the death of the reversionary annuitant. Beginning on the first day of the month following the month in which this amendatory Act of the 96th General Assembly takes effect, a reversionary annuity shall begin on the first of the month following the annuitant's death and is payable for the full month if the reversionary annuitant is alive on the first day of the month.

(e) The increases in annuity provided in Section 13-302(d) shall, as to an employee so electing a reduced annuity, relate to the amount of reduced annuity, and such lesser amount shall constitute the annuity on which such increases shall be based.

(f) For determining the actuarial value under this option of the employee's annuity and the reversionary annuity, the

Fund shall use an actuarial table recommended by the Fund's actuarial consultant and approved by the Board of Trustees.

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

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

Sec. 13-308. Child's annuity.

(a) Eligibility. A child's annuity shall be provided for each unmarried child under the age of 18 years (under the age of 23 years in the case of a full-time student) whose employee parent dies while in service, or whose deceased parent is an annuitant or former employee with at least 10 years of creditable service who did not take a refund of employee contributions. Eligibility for benefits to unmarried children over the age of 18 but under the age of 23 begins no earlier than September 1, 2005 ~~the first day of the month following the month in which this amendatory Act of the 94th General Assembly takes effect.~~

For purposes of this Section, "employee" includes a former employee, and "child" means the issue of an employee or a child adopted by an employee.

Payments shall cease when a child attains the age of 18 years (age of 23 years in the case of a full-time student) or marries, whichever first occurs. The annuity shall not be payable unless the employee has been employed as an employee for at least 36 months from the date of the employee's original entry into service (at least 24 months in the case of an

employee who first entered service before June 13, 1997) and at least 12 months from the date of the employee's latest re-entry into service; provided, however, that if death arises out of and in the course of service to the employer and is compensable under either the Illinois Workers' Compensation Act or Illinois Workers' Occupational Diseases Act, the annuity is payable regardless of the employee's length of service.

(b) Amount. Beginning on the first day of the month following the month in which this amendatory Act of the 96th General Assembly takes effect, a ~~A~~ child's annuity shall be \$500 per month for each ~~one~~ child and ~~\$350 per month for each additional child,~~ up to a maximum of \$5,000 ~~\$2,500~~ per month for all children of the employee, as provided in this Section, if a parent of the child is living. The child's annuity shall be \$1,000 per month for each ~~one~~ child and ~~\$500 per month for each additional child,~~ up to a maximum of \$5,000 ~~\$2,500~~ for all children of the employee, when neither parent is alive. The total amount payable to all children of the employee shall be divided equally among those children. ~~Any child's annuity which commenced prior to July 12, 2001 shall be increased upon the first day of the month following the month in which that effective date occurs, to the amount set forth herein.~~

(c) Payment. Until a child attains the age of 18 years, a child's annuity shall be paid to the child's parent or other person who shall be providing for the child without requiring formal letters of guardianship, unless another person shall be

appointed by a court of law as guardian. Beginning on the first day of the month following the month in which this amendatory Act of the 96th General Assembly takes effect, benefits shall begin on the first of the month following the employee's or annuitant's date of death and are payable for the full month if the annuitant was alive on the first day of the month.

(Source: P.A. 94-621, eff. 8-18-05; 95-279, eff. 1-1-08.)

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

Sec. 13-309. Duty disability benefit.

(a) Any employee who becomes disabled, which disability is the result of an injury or illness compensable under the Illinois Workers' Compensation Act or the Illinois Workers' Occupational Diseases Act, is entitled to a duty disability benefit during the period of disability for which the employee does not receive any part of salary, or any part of a retirement annuity under this Article; except that in the case of an employee who first enters service on or after June 13, 1997 and becomes disabled before August 18, 2005 (the effective date of Public Act 94-621) ~~this amendatory Act of the 94th General Assembly~~, a duty disability benefit is not payable for the first 3 days of disability that would otherwise be payable under this Section if the disability does not continue for at least 11 additional days. The changes made to this Section by Public Act 94-621 ~~this amendatory Act of the 94th General Assembly~~ are prospective only and do not entitle an employee to

a duty disability benefit for the first 3 days of any disability that occurred before that effective date and did not continue for at least 11 additional days. This benefit shall be 75% of salary at the date disability begins. However, if the disability in any measure resulted from any physical defect or disease which existed at the time such injury was sustained or such illness commenced, the duty disability benefit shall be 50% of salary.

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

An employee in service before June 13, 1997 shall also receive a child's disability benefit during the period of disability of \$10 per month for each unmarried natural or adopted child of the employee under 18 years of age.

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

(b) The benefit shall be allowed only if all of the

following requirements are met by the employee:

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

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

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

(c) The benefit shall terminate when:

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

(2) The disability ceases;

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

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

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

In the case of a duty disability recipient who returns to work, the employee must make application to the Retirement Board within 2 years from the date the employee last received duty disability benefits in order to become again entitled to duty disability benefits based on the injury for which a duty disability benefit was theretofore paid.

(Source: P.A. 94-621, eff. 8-18-05; 95-586, eff. 8-31-07.)

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

Sec. 13-314. Alternative provisions for Water Reclamation

District commissioners.

(a) Transfer of credits. Any Water Reclamation District commissioner elected by vote of the people and who has elected to participate in this Fund may transfer to this Fund credits and creditable service accumulated under any other pension fund or retirement system established under Articles 2 through 18 of this Code, upon payment to the Fund of (1) the amount by which the employer and employee contributions that would have been required if he had participated in this Fund during the period for which credit is being transferred, plus interest, exceeds the amounts actually transferred from such other fund or system to this Fund, plus (2) interest thereon at 6% per year compounded annually from the date of transfer to the date of payment.

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

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

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

(2) For contributions on past service, the additional contribution shall be 3% of the salary for the applicable period of service, plus interest at the annual rate from time to time as determined by the Board, compounded annually from the date of service to the date of payment. Contributions for service before the option is elected may be made in a lump sum payment to the Fund or by contributing to the Fund on the same basis and under the same conditions as contributions required under Section 13-502. All payments for past service must be paid in full before credit is given. No additional optional contributions may be made for any period of service for which credit has been previously forfeited by acceptance of a refund, unless the refund is repaid in full with interest at the rate specified in Section 13-603, from the date of refund to the date of repayment.

In lieu of the retirement annuity otherwise payable under this Article, any commissioner who has elected to participate in the Fund and make additional optional contributions in accordance with this Section, has attained age 55, and has at least 6 years of service credit, may elect to have the

retirement annuity computed as follows: 3% of the participant's average final salary as a commissioner for each of the first 8 years of service credit, plus 4% of such salary for each of the next 4 years of service credit, plus 5% of such salary for each year of service credit in excess of 12 years, subject to a maximum of 80% of such salary. To the extent such commissioner has made additional optional contributions with respect to only a portion of years of service credit, the retirement annuity will first be determined in accordance with this Section to the extent such additional optional contributions were made, and then in accordance with the remaining Sections of this Article to the extent of years of service credit with respect to which additional optional contributions were not made. The change in minimum retirement age (from 60 to 55) made by Public Act 87-1265 ~~this amendatory Act of 1993~~ applies to persons who begin receiving a retirement annuity under this Section on or after January 25, 1993 (the effective date of Public Act 87-1265) ~~this amendatory Act~~, without regard to whether they are in service on or after that date.

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

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

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

The annuity shall be payable beginning on the date of the commissioner's death if the spouse is then age 50 or over, or beginning at age 50 if the age of the spouse is less than 50 years. If a minor unmarried child or children of the commissioner, under age 18 (age 23 in the case of a full-time

student), also survive, and the child or children are under the care of the eligible spouse, the annuity shall begin as of the date of death of the commissioner without regard to the spouse's age. Beginning on the first day of the month following the month in which this amendatory Act of the 96th General Assembly takes effect, benefits shall begin on the first of the month following the commissioner's date of death if the spouse is then age 50 or over or, if a minor unmarried child or children of the commissioner, under age 18 (age 23 in the case of a full time student), also survive, and the child or children are under the care of the eligible spouse. The benefit is payable for the full month if the annuitant was alive on the first day of the month.

The annuity to a spouse shall be the greater of (i) 66 2/3% of the amount of retirement annuity earned by the commissioner on the date of death, subject to a minimum payment of 10% of salary, provided that if an eligible spouse, regardless of age, has in his or her care at the date of death of the commissioner any unmarried child or children of the commissioner under age 18, the minimum annuity shall be 30% of the commissioner's salary, plus 10% of salary on account of each minor child of the commissioner, subject to a combined total payment on account of a spouse and minor children not to exceed 50% of the deceased commissioner's salary or (ii) for the spouse of a commissioner whose death occurs on or after August 18, 2005 (the effective date of Public Act 94-621) ~~this amendatory Act~~

~~of the 94th General Assembly,~~ the surviving spouse annuity shall be computed in the same manner as described in Section 13-306(a). The number of total service years used to calculate the commissioner's annuity shall be the number of service years used to calculate the annuity for that commissioner's surviving spouse. In the event there shall be no spouse of the commissioner surviving, or should a spouse die while eligible minor children still survive the commissioner, each such child shall be entitled to an annuity equal to 20% of salary of the commissioner subject to a combined total payment on account of all such children not to exceed 50% of salary of the commissioner. The salary to be used in the calculation of these benefits shall be the same as that prescribed for determining a retirement annuity as provided in subsection (b) of this Section.

Upon the death of a commissioner occurring after termination of a service or while in receipt of a retirement annuity, the combined total payment to a spouse and minor children, or to minor children alone if no eligible spouse survives, shall be limited to 85% of the amount of retirement annuity earned by the commissioner.

Marriage of a child or attainment of age 18 (age 23 in the case of a full-time student), whichever first occurs, shall render the child ineligible for further consideration in the payment of annuity to a spouse or in the increase in the amount thereof. Upon attainment of ineligibility of the youngest minor

child of the commissioner, the annuity shall immediately revert to the amount payable upon death of a commissioner leaving no minor children surviving. If the spouse is under age 50 at such time, the annuity as revised shall be deferred until such age is attained.

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

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

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

(Source: P.A. 94-621, eff. 8-18-05; 95-279, eff. 1-1-08.)

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

Sec. 13-601. Refunds.

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

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

(c) Payment of Refunds After Death. Whenever any refund is

payable after the death of the employee or annuitant as provided for in this Article, the refund shall be paid as follows: to the employee's surviving spouse, but if there is no surviving spouse then in accordance with the employee's written designation of beneficiary filed with the Board on the prescribed form before the employee's death. If there is no such designation of beneficiary, then to the employee's surviving children in equal parts to each. If there are no such children, the refund shall be paid to the heirs of the employee according to the law of descent and distribution of the State of Illinois.

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

Whenever the total accumulations to the account of an employee from employee contributions other than the contribution for the cost of living increase, including interest to the employee's date of withdrawal, have not been paid to the employee and surviving spouse as a retirement or spouse's annuity before the death of the employee and spouse, a refund shall be paid as follows: an amount equal to the excess of such amounts over the amounts paid on such annuities without

interest on either such amount.

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

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

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

(Source: P.A. 94-621, eff. 8-18-05; 95-586, eff. 8-31-07.)

Section 90. The State Mandates Act is amended by adding Section 8.33 as follows:

Public Act 096-0251

HB1099 Enrolled

LRB096 08016 AMC 18121 b

(30 ILCS 805/8.33 new)

Sec. 8.33. Exempt mandate. Notwithstanding Sections 6 and 8 of this Act, no reimbursement by the State is required for the implementation of any mandate created by this amendatory Act of the 96th General Assembly.

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