

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 Section 7-144 as follows:

(40 ILCS 5/7-144) (from Ch. 108 1/2, par. 7-144)

Sec. 7-144. Retirement annuities; suspended during employment.

(a) If any person receiving any annuity again becomes an employee and receives earnings from employment in a position requiring him, or entitling him to elect, to become a participating employee, then the annuity payable to such employee shall be suspended as of the first day of the month coincidental with or next following the date upon which such person becomes such an employee, unless the person is authorized under subsection (b) of Section 7-137.1 of this Code to continue receiving a retirement annuity during that period. Upon proper qualification of the participating employee payment of such annuity may be resumed on the first day of the month following such qualification and upon proper application therefor. The participating employee in such case shall be entitled to a supplemental annuity arising from service and credits earned subsequent to such re-entry as a

participating employee.

Notwithstanding any other provision of this Article, an annuitant shall be considered a participating employee if he or she returns to work as an employee with a participating employer and works more than 599 hours annually (or 999 hours annually with a participating employer that has adopted a resolution pursuant to subsection (e) of Section 7-137 of this Code). Each of these annual periods shall commence on the month and day upon which the annuitant is first employed with the participating employer following the effective date of the annuity.

Notwithstanding any other provision of this Article, an annuitant receiving an annuity under Section 7-142.1 shall be considered a participating employee if the annuitant returns to work as a school security guard employed by a participating employer and works more than 999 hours annually.

(a-5) If any annuitant under this Article must be considered a participating employee per the provisions of subsection (a) of this Section, and the participating municipality or participating instrumentality that employs or re-employs that annuitant knowingly fails to notify the Board to suspend the annuity, the participating municipality or participating instrumentality may be required to reimburse the Fund for an amount up to one-half of the total of any annuity payments made to the annuitant after the date the annuity should have been suspended, as determined by the Board. In no

case shall the total amount repaid by the annuitant plus any amount reimbursed by the employer to the Fund be more than the total of all annuity payments made to the annuitant after the date the annuity should have been suspended. This subsection shall not apply if the annuitant returned to work for the employer for less than 12 months.

The Fund shall notify all annuitants that they must notify the Fund immediately if they return to work for any participating employer. The notification by the Fund shall occur upon retirement and no less than annually thereafter in a format determined by the Fund. The Fund shall also develop and maintain a system to track annuitants who have returned to work and notify the participating employer and annuitant at least annually of the limitations on returning to work under this Section.

(b) Supplemental annuities to persons who return to service for less than 48 months shall be computed under the provisions of Sections 7-141, 7-142, and 7-143. In determining whether an employee is eligible for an annuity which requires a minimum period of service, his entire period of service shall be taken into consideration but the supplemental annuity shall be based on earnings and service in the supplemental period only. The effective date of the suspended and supplemental annuity for the purpose of increases after retirement shall be considered to be the effective date of the suspended annuity.

(c) Supplemental annuities to persons who return to service for 48 months or more shall be a monthly amount determined as follows:

(1) An amount shall be computed under subparagraph b of paragraph (1) of subsection (a) of Section 7-142, considering all of the service credits of the employee.

(2) The actuarial value in monthly payments for life of the annuity payments made before suspension shall be determined and subtracted from the amount determined in paragraph (1) above.

(3) The monthly amount of the suspended annuity, with any applicable increases after retirement computed from the effective date to the date of reinstatement, shall be subtracted from the amount determined in paragraph (2) above and the remainder shall be the amount of the supplemental annuity provided that this amount shall not be less than the amount computed under subsection (b) of this Section.

(4) The suspended annuity shall be reinstated at an amount including any increases after retirement from the effective date to date of reinstatement.

(5) The effective date of the combined suspended and supplemental annuities for the purposes of increases after retirement shall be considered to be the effective date of the supplemental annuity.

(d) If a Tier 2 regular employee becomes a member or

participant under any other system or fund created by this Code and is employed on a full-time basis, except for those members or participants exempted from the provisions of subsection (a) of Section 1-160 of this Code (other than a participating employee under this Article), then the person's retirement annuity shall be suspended during that employment. Upon termination of that employment, the person's retirement annuity shall resume and be recalculated as required by this Section.

(e) If a Tier 2 regular employee first began participation on or after January 1, 2012 and is receiving a retirement annuity and accepts on a contractual basis a position to provide services to a governmental entity from which he or she has retired, then that person's annuity or retirement pension shall be suspended during that contractual service, notwithstanding the provisions of any other Section in this Article. Such annuitant shall notify the Fund, as well as his or her contractual employer, of his or her retirement status before accepting contractual employment. A person who fails to submit such notification shall be guilty of a Class A misdemeanor and required to pay a fine of \$1,000. Upon termination of that contractual employment, the person's retirement annuity shall resume and be recalculated as required by this Section.

(Source: P.A. 102-210, eff. 1-1-22; 103-154, eff. 6-30-23.)

Section 99. Effective date. This Act takes effect upon

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becoming law.