



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB2907

Introduced 5/31/2021, by Sen. Robert F. Martwick

SYNOPSIS AS INTRODUCED:

40 ILCS 5/17-151.1

If and only if Senate Bill 1056 of the 102nd General Assembly, as amended by House Amendment 1, becomes law, amends the Chicago Teacher Article of the Illinois Pension Code. Provides that if an annuitant does not elect to repay a mistaken overpayment from the Fund by a lump sum, monthly payments, or reduction of the corrected benefit, the annuitant may have his or her automatic annual increase discontinued beginning in January of the following calendar year until the pension payment matches his or her corrected pension rate. Provides that upon full repayment, the annuitant's automatic annual increase shall resume at the rate of increase equivalent to a comparable annuitant whose automatic annual increase was not discontinued. Removes language that provides that if (1) the amount of the benefit was mistakenly set too high, (2) the error was undiscovered for 3 years or longer from the date of the first mistaken benefit payment, and (3) the error was not the result of incorrect information supplied by the affected member, then upon discovery of the mistake the benefit shall be adjusted to the correct level, but the recipient of the benefit shall not be required to repay to the Fund the excess amounts received in error. Effective immediately or on the date Article 20 of Senate Bill 1056 takes effect, whichever is later.

LRB102 18620 SMS 26969 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. If and only if Senate Bill 1056 of the 102nd
5 General Assembly, as amended by House Amendment 1, becomes
6 law, then the Illinois Pension Code is amended by changing
7 Section 17-151.1 as follows:

8 (40 ILCS 5/17-151.1)

9 Sec. 17-151.1. Recovery of amount paid in error.

10 (a) The Board may retain out of any annuity or benefit
11 payable to any person any amount that the Board determines is
12 owing to the Fund because (i) required employee contributions
13 were not made in whole or in part, (ii) employee or member
14 obligations to return refunds were not met, or (iii) money was
15 paid to any employee, member, or annuitant through
16 misrepresentation, fraud, or error.

17 If the Fund mistakenly sets any benefit at an incorrect
18 amount, the Fund shall recalculate the benefit as soon as may
19 be practicable after the mistake is discovered. The Fund shall
20 provide the recipient, or the survivor or beneficiary of the
21 recipient, as the case may be, with at least 60 days' notice of
22 the corrected amount.

23 If the benefit was mistakenly set too low, the Fund shall

1 make a lump sum payment to the recipient, or the survivor or
2 beneficiary of the recipient, as the case may be, of an amount
3 equal to the difference between the benefits that should have
4 been paid and those actually paid, plus interest at the rate of
5 3% from the date the unpaid amounts accrued to the date of
6 payment.

7 If the benefit was mistakenly set too high, the Fund may
8 recover the amount overpaid from the recipient, or the
9 survivor or beneficiary of the recipient, as the case may be,
10 plus interest at 3% from the date of overpayment to the date of
11 recovery. The recipient, or the survivor or beneficiary of the
12 recipient, as the case may be, may elect to repay the sum owed
13 either directly by a lump sum payment, in agreed-upon monthly
14 payments over a period not to exceed 5 years, or through an
15 actuarial equivalent reduction of the corrected benefit. If
16 the annuitant does not elect to repay the sum owed directly by
17 a lump sum payment, in agreed-upon monthly payments, or
18 through an actuarial equivalent reduction of the corrected
19 benefit, the annuitant may have his or her automatic annual
20 increase discontinued beginning in January of the following
21 calendar year until the pension payment matches his or her
22 corrected pension rate. Upon full repayment, the annuitant's
23 automatic annual increase shall resume at the rate of increase
24 equivalent to a comparable annuitant whose automatic annual
25 increase was not discontinued. ~~However, if (1) the amount of~~
26 ~~the benefit was mistakenly set too high, (2) the error was~~

1 ~~undiscovered for 3 years or longer from the date of the first~~
2 ~~mistaken benefit payment, and (3) the error was not the result~~
3 ~~of incorrect information supplied by the affected member, then~~
4 ~~upon discovery of the mistake the benefit shall be adjusted to~~
5 ~~the correct level, but the recipient of the benefit shall not~~
6 ~~be required to repay to the Fund the excess amounts received in~~
7 ~~error.~~

8 (b) The Board and the Fund shall be held free from any
9 liability for any money retained or paid in accordance with
10 this Section, and the employee, member, or pensioner shall be
11 assumed to have assented and agreed to the disposition of
12 money due.

13 (c) The changes made by this amendatory Act of the 94th
14 General Assembly are not limited to persons in service on or
15 after the effective date of this amendatory Act.

16 (Source: P.A. 94-425, eff. 8-2-05; 10200SB1056ham001.)

17 Section 99. Effective date. This Act takes effect upon
18 becoming law or on the date that Article 20 of Senate Bill 1056
19 of the 102nd General Assembly takes effect, whichever is
20 later.