

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  
5 changing Sections 15-142 and 15-145 as follows:

6 (40 ILCS 5/15-142) (from Ch. 108 1/2, par. 15-142)  
7 Sec. 15-142. Death benefits - Death of annuitant. Upon  
8 the death of an annuitant receiving a retirement annuity or  
9 disability retirement annuity, the annuitant's beneficiary  
10 shall, if a survivor's insurance benefit is not payable under  
11 Section 15-145 and an annuity is not payable under Section  
12 15-136.4, be entitled to a death benefit equal to the greater  
13 of the following: (1) the excess, if any, of the sum of the  
14 accumulated normal, survivors insurance, and additional  
15 contributions as of the date of retirement or the date the  
16 disability retirement annuity began, whichever is earlier,  
17 over the sum of all annuity payments made prior to the date  
18 of death, or (2) \$5,000 ~~\$17,000~~.

19 (Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98;  
20 91-887, eff. 7-6-00.)

21 (40 ILCS 5/15-145) (from Ch. 108 1/2, par. 15-145)  
22 Sec. 15-145. Survivors insurance benefits; conditions  
23 and amounts.

24 (a) The survivors insurance benefits provided under this  
25 Section shall be payable to the eligible survivors of a  
26 participant covered under the traditional benefit package  
27 upon the death of (1) a participating employee with at least  
28 1 1/2 years of service, (2) a participant who terminated  
29 employment with at least 10 years of service, and (3) an  
30 annuitant in receipt of a retirement annuity or disability

1 retirement annuity under this Article.

2 Service under the State Employees' Retirement System of  
3 Illinois, the Teachers' Retirement System of the State of  
4 Illinois and the Public School Teachers' Pension and  
5 Retirement Fund of Chicago shall be considered in determining  
6 eligibility for survivors benefits under this Section.

7 If by law, a function of a governmental unit, as defined  
8 by Section 20-107, is transferred in whole or in part to an  
9 employer, and an employee transfers employment from this  
10 governmental unit to such employer within 6 months after the  
11 transfer of this function, the service credits in the  
12 governmental unit's retirement system which have been  
13 validated under Section 20-109 shall be considered in  
14 determining eligibility for survivors benefits under this  
15 Section.

16 (b) A surviving spouse of a deceased participant, or of  
17 a deceased annuitant who did not take a refund or additional  
18 annuity consisting of accumulated survivors insurance  
19 contributions, shall receive a survivors annuity of 30% of  
20 the final rate of earnings. Payments shall begin on the day  
21 following the participant's or annuitant's death or the date  
22 the surviving spouse attains age 50, whichever is later, and  
23 continue until the death of the surviving spouse. The  
24 annuity shall be payable to the surviving spouse prior to  
25 attainment of age 50 if the surviving spouse has in his or  
26 her care a deceased participant's or annuitant's dependent  
27 unmarried child under age 18 (under age 22 if a full-time  
28 student) who is eligible for a survivors annuity.

29 Remarriage of a surviving spouse prior to attainment of  
30 age 55 that occurs before the effective date of this  
31 amendatory Act of the 91st General Assembly shall disqualify  
32 him or her for the receipt of a survivors annuity until July  
33 6, 2000.

34 A surviving spouse whose survivors annuity has been

1 terminated due to remarriage may apply for reinstatement of  
2 that annuity. The reinstated annuity shall begin to accrue  
3 on July 6, 2000, except that if, on July 6, 2000, the annuity  
4 is payable to an eligible surviving child or parent, payment  
5 of the annuity to the surviving spouse shall not be  
6 reinstated until the annuity is no longer payable to any  
7 eligible surviving child or parent. The reinstated annuity  
8 shall include any one-time or annual increases received prior  
9 to the date of termination, as well as any increases that  
10 would otherwise have accrued from the date of termination to  
11 the date of reinstatement. An eligible surviving spouse  
12 whose expectation of receiving a survivors annuity was lost  
13 due to remarriage before attainment of age 50 shall also be  
14 entitled to reinstatement under this subsection, but the  
15 resulting survivors annuity shall not begin to accrue sooner  
16 than upon the surviving spouse's attainment of age 50.

17 The changes made to this subsection by this amendatory  
18 Act of the 92nd General Assembly (pertaining to remarriage  
19 prior to age 55 or 50) apply without regard to whether the  
20 deceased participant or annuitant was in service on or after  
21 the effective date of this amendatory Act.

22 (c) Each dependent unmarried child under age 18 (under  
23 age 22 if a full-time student) of a deceased participant, or  
24 of a deceased annuitant who did not take a refund or  
25 additional annuity consisting of accumulated survivors  
26 insurance contributions, shall receive a survivors annuity  
27 equal to the sum of (1) 20% of the final rate of earnings,  
28 and (2) 10% of the final rate of earnings divided by the  
29 number of children entitled to this benefit. Payments shall  
30 begin on the day following the participant's or annuitant's  
31 death and continue until the child marries, dies, or attains  
32 age 18 (age 22 if a full-time student). If the child is in  
33 the care of a surviving spouse who is eligible for survivors  
34 insurance benefits, the child's benefit shall be paid to the

1 surviving spouse.

2 Each unmarried child over age 18 of a deceased  
3 participant or of a deceased annuitant who had a survivor's  
4 insurance beneficiary at the time of his or her retirement,  
5 and who was dependent upon the participant or annuitant by  
6 reason of a physical or mental disability which began prior  
7 to the date the child attained age 18 (age 22 if a full-time  
8 student), shall receive a survivor's annuity equal to the sum  
9 of (1) 20% of the final rate of earnings, and (2) 10% of the  
10 final rate of earnings divided by the number of children  
11 entitled to survivors benefits. Payments shall begin on the  
12 day following the participant's or annuitant's death and  
13 continue until the child marries, dies, or is no longer  
14 disabled. If the child is in the care of a surviving spouse  
15 who is eligible for survivors insurance benefits, the child's  
16 benefit may be paid to the surviving spouse. For the  
17 purposes of this Section, disability means inability to  
18 engage in any substantial gainful activity by reason of any  
19 medically determinable physical or mental impairment that can  
20 be expected to result in death or that has lasted or can be  
21 expected to last for a continuous period of at least one  
22 year.

23 (d) Each dependent parent of a deceased participant, or  
24 of a deceased annuitant who did not take a refund or  
25 additional annuity consisting of accumulated survivors  
26 insurance contributions, shall receive a survivors annuity  
27 equal to the sum of (1) 20% of final rate of earnings, and  
28 (2) 10% of final rate of earnings divided by the number of  
29 parents who qualify for the benefit. Payments shall begin  
30 when the parent reaches age 55 or the day following the  
31 participant's or annuitant's death, whichever is later, and  
32 continue until the parent dies. Remarriage of a parent prior  
33 to attainment of age 55 shall disqualify the parent for the  
34 receipt of a survivors annuity.

1 (e) In addition to the survivors annuity provided above,  
2 each survivors insurance beneficiary shall, upon death of the  
3 participant or annuitant, receive a lump sum payment of  
4 \$5,000 ~~\$17,000~~ divided by the number of such beneficiaries.

5 (f) The changes made in this Section by Public Act  
6 81-712 pertaining to survivors annuities in cases of  
7 remarriage prior to age 55 shall apply to each survivors  
8 insurance beneficiary who remarries after June 30, 1979,  
9 regardless of the date that the participant or annuitant  
10 terminated his employment or died.

11 The change made to this Section by this amendatory Act of  
12 the 91st General Assembly, pertaining to remarriage prior to  
13 age 55, applies without regard to whether the deceased  
14 participant or annuitant was in service on or after the  
15 effective date of this amendatory Act of the 91st General  
16 Assembly.

17 (g) On January 1, 1981, any person who was receiving a  
18 survivors annuity on or before January 1, 1971 shall have the  
19 survivors annuity then being paid increased by 1% for each  
20 full year which has elapsed from the date the annuity began.  
21 On January 1, 1982, any survivor whose annuity began after  
22 January 1, 1971, but before January 1, 1981, shall have the  
23 survivor's annuity then being paid increased by 1% for each  
24 year which has elapsed from the date the survivor's annuity  
25 began. On January 1, 1987, any survivor who began receiving a  
26 survivor's annuity on or before January 1, 1977, shall have  
27 the monthly survivor's annuity increased by \$1 for each full  
28 year which has elapsed since the date the survivor's annuity  
29 began.

30 (h) If the sum of the lump sum and total monthly  
31 survivor benefits payable under this Section upon the death  
32 of a participant amounts to less than the sum of the death  
33 benefits payable under items (2) and (3) of Section 15-141,  
34 the difference shall be paid in a lump sum to the beneficiary

1 of the participant who is living on the date that this  
2 additional amount becomes payable.

3 (i) If the sum of the lump sum and total monthly  
4 survivor benefits payable under this Section upon the death  
5 of an annuitant receiving a retirement annuity or disability  
6 retirement annuity amounts to less than the death benefit  
7 payable under Section 15-142, the difference shall be paid to  
8 the beneficiary of the annuitant who is living on the date  
9 that this additional amount becomes payable.

10 (j) Effective on the later of (1) January 1, 1990, or  
11 (2) the January 1 on or next after the date on which the  
12 survivor annuity begins, if the deceased member died while  
13 receiving a retirement annuity, or in all other cases the  
14 January 1 nearest the first anniversary of the date the  
15 survivor annuity payments begin, every survivors insurance  
16 beneficiary shall receive an increase in his or her monthly  
17 survivors annuity of 3%. On each January 1 after the initial  
18 increase, the monthly survivors annuity shall be increased by  
19 3% of the total survivors annuity provided under this  
20 Article, including previous increases provided by this  
21 subsection. Such increases shall apply to the survivors  
22 insurance beneficiaries of each participant and annuitant,  
23 whether or not the employment status of the participant or  
24 annuitant terminates before the effective date of this  
25 amendatory Act of 1990. This subsection (j) also applies to  
26 persons receiving a survivor annuity under the portable  
27 benefit package.

28 (k) If the Internal Revenue Code of 1986, as amended,  
29 requires that the survivors benefits be payable at an age  
30 earlier than that specified in this Section the benefits  
31 shall begin at the earlier age, in which event, the  
32 survivor's beneficiary shall be entitled only to that amount  
33 which is equal to the actuarial equivalent of the benefits  
34 provided by this Section.

1           (1) The changes made to this Section and Section 15-131  
2 by this amendatory Act of 1997, relating to benefits for  
3 certain unmarried children who are full-time students under  
4 age 22, apply without regard to whether the deceased member  
5 was in service on or after the effective date of this  
6 amendatory Act of 1997. These changes do not authorize the  
7 repayment of a refund or a re-election of benefits, and any  
8 benefit or increase in benefits resulting from these changes  
9 is not payable retroactively for any period before the  
10 effective date of this amendatory Act of 1997.

11           (m) The changes made to subsection (e) and Section  
12 15-142 by this amendatory Act of the 93rd General Assembly,  
13 increasing certain death benefits from \$1,000 to \$5,000,  
14 apply to deceased members who die on or after the effective  
15 date of this amendatory Act of the 93rd General Assembly,  
16 regardless of whether the deceased member was in service on  
17 or after that date. The General Assembly declares its intent  
18 that up to \$5,000 of the death benefits provided in  
19 subsection (e) and Section 15-142 are in the nature of life  
20 insurance. Subject to obtaining a favorable ruling from the  
21 U.S. Internal Revenue Service, those death benefits shall not  
22 be subject to the federal income tax.

23 (Source: P.A. 91-887, eff. 7-6-00; 92-749, eff. 8-2-02.)

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