



## 94TH GENERAL ASSEMBLY

### State of Illinois

#### 2005 and 2006

##### SB0455

Introduced 2/16/2005, by Sen. Don Harmon

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/13-301	from Ch. 108 1/2, par. 13-301
40 ILCS 5/13-302	from Ch. 108 1/2, par. 13-302
40 ILCS 5/13-305	from Ch. 108 1/2, par. 13-305
40 ILCS 5/13-306	from Ch. 108 1/2, par. 13-306
40 ILCS 5/13-308	from Ch. 108 1/2, par. 13-308
40 ILCS 5/13-309	from Ch. 108 1/2, par. 13-309
40 ILCS 5/13-310	from Ch. 108 1/2, par. 13-310
40 ILCS 5/13-314	from Ch. 108 1/2, par. 13-314
40 ILCS 5/13-402	from Ch. 108 1/2, par. 13-402
40 ILCS 5/13-403	from Ch. 108 1/2, par. 13-403
40 ILCS 5/13-502	from Ch. 108 1/2, par. 13-502
40 ILCS 5/13-601	from Ch. 108 1/2, par. 13-601
40 ILCS 5/13-603	from Ch. 108 1/2, par. 13-603
40 ILCS 5/13-706	from Ch. 108 1/2, par. 13-706
30 ILCS 805/8.29 new	

Amends the Metropolitan Water Reclamation District Article of the Illinois Pension Code. Provides that a child's annuity is payable to a child who is over 18 years of age, but less than 23 years of age, if he or she is a full-time student. Eliminates the 3-day waiting period for the payment of a duty disability benefit for certain persons. Provides a minimum annuity for certain retirees and surviving spouses. Authorizes employer pickup and tax-deferred status for contributions made toward the alternative plan for commissioners. With respect to the 5 years of service needed to establish eligibility for a disability retirement annuity, excludes service credit earned while on disability for new employees. Clarifies the calculation of service with respect to the Optional Plan. Allows an employee who has returned to service to repay a prior refund within the 90 days following his or her final withdrawal from service. Allows payment of a refund to certain nonvested employees who are under age 55 (rather than 50). Makes changes concerning eligibility for a surviving spouse's annuity. Provides that certain early retirement discounts apply to the calculation of a surviving spouse's annuity. Provides that an employee may establish service credit for voluntary military service that commences after commencement of service with the Metropolitan Water Reclamation District. Adds to the powers and duties of the Board, the power to assess and collect interest on amounts due to the Fund using the annual rate as shall from time to time be determined by the Board, compounded annually from the date of notification to the date of payment. Makes other changes. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB094 09941 AMC 40199 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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, 13-314, 13-402, 13-403, 13-502, 13-601, 13-603, and  
7 13-706 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 94th 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 94th 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), except for an employee who is  
19 eligible for an annuity under Section 13-301(d), shall be  
20 entitled to the same minimum monthly retirement annuity under  
21 this subsection as an employee who retired with at least 10  
22 years of service under this Article and after attaining age 60.

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

24 (40 ILCS 5/13-305) (from Ch. 108 1/2, par. 13-305)

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



1 eligible for an annuity upon attainment of age 62 pursuant to  
2 Section 13-301(b) or had been receiving a retirement annuity  
3 pursuant to Section 13-301(d), or (2) an employee not described  
4 in item (1) who first enters service on or after the effective  
5 date of this amendatory Act of 1997 and who has been employed  
6 as an employee for (i) less than 36 months from the date of the  
7 employee's original entry into service or (ii) less than 12  
8 months from the employee's date of latest re-entry into  
9 service; except as otherwise provided in Section 13-306(a) for  
10 an employee whose death arises out of or in the course of the  
11 employee's service to the employer.

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

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

19 (40 ILCS 5/13-306) (from Ch. 108 1/2, par. 13-306)

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

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

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

1 surviving spouse's annuity.

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

8 Further, the annuity for a surviving spouse of a withdrawn  
9 employee who was eligible for an annuity upon attainment of age  
10 62 pursuant to Section 13-301(b) but who died prior to age 60  
11 shall be based upon an employee annuity that has been reduced  
12 by 1/2% for each full month between the date the surviving  
13 spouse's annuity begins and the employee's attainment of age  
14 60.

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

30 (c) Discount for age differential. The annuity for a  
31 surviving spouse shall be discounted by 0.25% for each full  
32 month that the spouse is younger than the employee as of the  
33 date of withdrawal from service or death in service to a  
34 maximum discount of 60% of the surviving spouse annuity as  
35 calculated under subsections (a), (b), and (e) of this Section.  
36 The discount shall be reduced by 10% for each full year the

1 marriage has been in continuous effect as of the date of  
2 withdrawal or death in service. There shall be no discount if  
3 the marriage has been in continuous effect for 10 full years or  
4 more at the time of withdrawal or death in service.

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

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

21 (e) Minimum surviving spouse's annuity.

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

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

1 annuitant) whose deceased spouse had at least 10 years of  
2 service under this Article and began receiving a retirement  
3 annuity under this Article before attainment of age 60. Any  
4 such surviving spouse annuitant who is receiving a monthly  
5 annuity of less than \$250 shall have the annuity increased  
6 to \$250 on that date.

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

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

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

1           In the case of a reciprocal annuity, the minimum  
2           annuity calculated under this subdivision (e)(2) shall  
3           apply only if the deceased spouse of the annuitant had  
4           at least 10 years of service under this Article, and  
5           the amount of the minimum annuity shall be reduced by  
6           the sum of all the reciprocal annuities payable to the  
7           annuitant by other participating systems under Article  
8           20 of this Code.

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

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

21          (4) Notwithstanding any other provision of this  
22          subsection, beginning August 1, 2001 ~~on the first annuity~~  
23          ~~payment date following the effective date of this~~  
24          ~~amendatory Act of the 92nd General Assembly~~, an annuitant  
25          whose deceased spouse retired before August 23, 1989 with  
26          at least 10 years of service under this Article but before  
27          attaining age 60 (regardless of whether the retirement  
28          annuity was subject to an early retirement discount) shall  
29          be entitled to the same minimum monthly surviving spouse's  
30          annuity under this subsection as an annuitant whose  
31          deceased spouse retired with at least 10 years of service  
32          under this Article and after attaining age 60. Further  
33          notwithstanding any other provision of this subsection,  
34          beginning on the first day of the month following the month  
35          in which this amendatory Act of the 94th General Assembly  
36          takes effect, an annuitant whose deceased spouse retired on

1 or after August 23, 1989 with at least 10 years of service  
2 under this Article but before attaining age 60 (regardless  
3 of whether the retirement annuity was subject to an early  
4 retirement discount) shall be entitled to the same minimum  
5 monthly surviving spouse's annuity under this subsection  
6 as an annuitant whose deceased spouse retired with at least  
7 10 years of service under this Article and after attaining  
8 age 60.

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

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

13 (40 ILCS 5/13-308) (from Ch. 108 1/2, par. 13-308)  
14 Sec. 13-308. Child's annuity.

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

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

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

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

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

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

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

29 (40 ILCS 5/13-309) (from Ch. 108 1/2, par. 13-309)

30 Sec. 13-309. Duty disability benefit.

31 (a) Any employee who becomes disabled, which disability is  
32 the result of an injury or illness compensable under the  
33 Illinois Workers' Compensation Act or the Illinois Workers'  
34 Occupational Diseases Act, is entitled to a duty disability  
35 benefit during the period of disability for which the employee

1 does not receive any part of salary, or any part of a  
2 retirement annuity under this Article; except that in the case  
3 of an employee who first enters service on or after June 13,  
4 ~~the effective date of this amendatory Act of 1997~~ and becomes  
5 disabled before the effective date of this amendatory Act of  
6 the 94th General Assembly, a duty disability benefit is not  
7 payable for the first 3 days of disability that would otherwise  
8 be payable under this Section if the disability does not  
9 continue for at least 11 additional days. The changes made to  
10 this Section by this amendatory Act of the 94th General  
11 Assembly are prospective only and do not entitle an employee to  
12 a duty disability benefit for the first 3 days of any  
13 disability that occurred before that effective date and did not  
14 continue for at least 11 additional days. This benefit shall be  
15 75% of salary at the date disability begins. However, if the  
16 disability in any measure resulted from any physical defect or  
17 disease which existed at the time such injury was sustained or  
18 such illness commenced, the duty disability benefit shall be  
19 50% of salary.

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

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

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

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



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

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

14       (c) The benefit shall terminate when:

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

18           (2) The disability ceases;

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

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

32           (5) The employee willfully and continuously refuses to  
33 follow medical advice and treatment to enable the employee  
34 to return to work. However this provision does not apply to  
35 an employee who relies in good faith on treatment by prayer  
36 through spiritual means alone in accordance with the tenets

1 and practice of a recognized church or religious  
2 denomination, by a duly accredited practitioner thereof.

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

9 (Source: P.A. 93-721, eff. 1-1-05.)

10 (40 ILCS 5/13-310) (from Ch. 108 1/2, par. 13-310)

11 Sec. 13-310. Ordinary disability benefit.

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

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

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

31 The benefit is not payable for any disability which begins  
32 during any period of absence from duty other than allowable  
33 vacation time in any calendar year. An employee whose  
34 disability begins during any such ineligible period of absence  
35 from service may not receive benefits until the employee

1 recovers from the disability and is in service for at least 15  
2 consecutive working days after such recovery.

3 In the case of an employee who first enters service on or  
4 after June 13, ~~the effective date of this amendatory Act of~~  
5 1997, an ordinary disability benefit is not payable for the  
6 first 3 days of disability that would otherwise be payable  
7 under this Section if the disability does not continue for at  
8 least 11 additional days.

9 Beginning on the effective date of this amendatory Act of  
10 the 94th General Assembly, an employee who first entered  
11 service on or after June 13, 1997 is also eligible for ordinary  
12 disability benefits on the 31st day after the last day worked,  
13 provided all sick leave is exhausted.

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

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

20 (2) The disability ceases;

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

28 (4) The employee (i) refuses to submit to a reasonable  
29 physical examination within 30 days of application by a  
30 physician appointed by the Board, (ii) in the case of  
31 chronic alcoholism, the employee refuses to join a  
32 rehabilitation program licensed by the Department of  
33 Public Health of the State of Illinois and certified by the  
34 Joint Commission on the Accreditation of Hospitals, (iii)  
35 fails or refuses to consent to and sign an authorization  
36 allowing the Board to receive copies of or to examine the

1 employee's medical and hospital records, or (iv) fails or  
2 refuses to provide complete information regarding any  
3 other employment for compensation he or she has received  
4 since becoming disabled; or

5 (5) The eligible period for this benefit has been  
6 exhausted.

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

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

11 (40 ILCS 5/13-314) (from Ch. 108 1/2, par. 13-314)

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

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

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

1 with this Section and procedures established by the Board.

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

4 (1) For service after the option is elected, an  
5 additional contribution of 3% of salary shall be  
6 contributed to the Fund on the same basis and under the  
7 same conditions as contributions required under Section  
8 13-502.

9 (2) For contributions on past service, the additional  
10 contribution shall be 3% of the salary for the applicable  
11 period of service, plus interest at the annual rate from  
12 time to time as determined by the Board, compounded  
13 annually from the date of service to the date of payment.  
14 Contributions for service before the option is elected may  
15 be made in a lump sum payment to the Fund or by  
16 contributing to the Fund on the same basis and under the  
17 same conditions as contributions required under Section  
18 13-502. All payments for past service must be paid in full  
19 before credit is given. No additional optional  
20 contributions may be made for any period of service for  
21 which credit has been previously forfeited by acceptance of  
22 a refund, unless the refund is repaid in full with interest  
23 at the rate specified in Section 13-603, from the date of  
24 refund to the date of repayment.

25 In lieu of the retirement annuity otherwise payable under  
26 this Article, any commissioner who has elected to participate  
27 in the Fund and make additional optional contributions in  
28 accordance with this Section, has attained age 55, and has at  
29 least 6 years of service credit, may elect to have the  
30 retirement annuity computed as follows: 3% of the participant's  
31 average final salary as a commissioner for each of the first 8  
32 years of service credit, plus 4% of such salary for each of the  
33 next 4 years of service credit, plus 5% of such salary for each  
34 year of service credit in excess of 12 years, subject to a  
35 maximum of 80% of such salary. To the extent such commissioner  
36 has made additional optional contributions with respect to only

1 a portion of years of service credit, the retirement annuity  
2 will first be determined in accordance with this Section to the  
3 extent such additional optional contributions were made, and  
4 then in accordance with the remaining Sections of this Article  
5 to the extent of years of service credit with respect to which  
6 additional optional contributions were not made. The change in  
7 minimum retirement age (from 60 to 55) made by this amendatory  
8 Act of 1993 applies to persons who begin receiving a retirement  
9 annuity under this Section on or after the effective date of  
10 this amendatory Act, without regard to whether they are in  
11 service on or after that date.

12 (c) Disability benefits. In lieu of the disability benefits  
13 otherwise payable under this Article, any commissioner who (1)  
14 has elected to participate in the Fund, and (2) has become  
15 permanently disabled and as a consequence is unable to perform  
16 the duties of office, and (3) was making optional contributions  
17 in accordance with this Section at the time the disability was  
18 incurred, may elect to receive a disability annuity calculated  
19 in accordance with the formula in subsection (b). For the  
20 purposes of this subsection, such commissioner shall be  
21 considered permanently disabled only if: (i) disability occurs  
22 while in service as a commissioner and is of such a nature as  
23 to prevent the reasonable performance of the duties of office  
24 at the time; and (ii) the Board has received a written  
25 certification by at least 2 licensed physicians appointed by it  
26 stating that such commissioner is disabled and that the  
27 disability is likely to be permanent.

28 (d) Alternative survivor's benefits. In lieu of the  
29 survivor's benefits otherwise payable under this Article, the  
30 spouse or eligible child of any deceased commissioner who (1)  
31 had elected to participate in the Fund, and (2) was either  
32 making (or had already made) additional optional contributions  
33 on the date of death, or was receiving an annuity calculated  
34 under this Section at the time of death, may elect to receive  
35 an annuity beginning on the date of the commissioner's death,  
36 provided that the spouse and commissioner must have been

1 married on the date of the last termination of a service as  
2 commissioner and for a continuous period of at least one year  
3 immediately preceding death.

4 The annuity shall be payable beginning on the date of the  
5 commissioner's death if the spouse is then age 50 or over, or  
6 beginning at age 50 if the age of the spouse is less than 50  
7 years. If a minor unmarried child or children of the  
8 commissioner, under age 18 (age 23 in the case of a full-time  
9 student), also survive, and the child or children are under the  
10 care of the eligible spouse, the annuity shall begin as of the  
11 date of death of the commissioner without regard to the  
12 spouse's age.

13 The annuity to a spouse shall be 66 2/3% of the amount of  
14 retirement annuity earned by the commissioner on the date of  
15 death, subject to a minimum payment of 10% of salary, provided  
16 that if an eligible spouse, regardless of age, has in his or  
17 her care at the date of death of the commissioner any unmarried  
18 child or children of the commissioner under age 18, the minimum  
19 annuity shall be 30% of the commissioner's salary, plus 10% of  
20 salary on account of each minor child of the commissioner,  
21 subject to a combined total payment on account of a spouse and  
22 minor children not to exceed 50% of the deceased commissioner's  
23 salary. For the spouse of a commissioner whose death occurs on  
24 or after the effective date of this amendatory Act of the 94th  
25 General Assembly, the surviving spouse annuity shall be  
26 computed in the same manner as described in Section 13-306(a).  
27 The number of total service years used to calculate the  
28 commissioner's annuity shall be the number of service years  
29 used to calculate the annuity for that commissioner's surviving  
30 spouse. In the event there shall be no spouse of the  
31 commissioner surviving, or should a spouse die while eligible  
32 minor children still survive the commissioner, each such child  
33 shall be entitled to an annuity equal to 20% of salary of the  
34 commissioner subject to a combined total payment on account of  
35 all such children not to exceed 50% of salary of the  
36 commissioner. The salary to be used in the calculation of these

1 benefits shall be the same as that prescribed for determining a  
2 retirement annuity as provided in subsection (b) of this  
3 Section.

4 Upon the death of a commissioner occurring after  
5 termination of a service or while in receipt of a retirement  
6 annuity, the combined total payment to a spouse and minor  
7 children, or to minor children alone if no eligible spouse  
8 survives, shall be limited to 85% ~~75%~~ of the amount of  
9 retirement annuity earned by the commissioner.

10 Adopted children shall have status as natural children of  
11 the commissioner only if the proceedings for adoption were  
12 commenced at least one year prior to the date of the  
13 commissioner's death.

14 Marriage of a child or attainment of age 18 (age 23 in the  
15 case of a full-time student), whichever first occurs, shall  
16 render the child ineligible for further consideration in the  
17 payment of annuity to a spouse or in the increase in the amount  
18 thereof. Upon attainment of ineligibility of the youngest minor  
19 child of the commissioner, the annuity shall immediately revert  
20 to the amount payable upon death of a commissioner leaving no  
21 minor children surviving. If the spouse is under age 50 at such  
22 time, the annuity as revised shall be deferred until such age  
23 is attained.

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

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

34 (f) Effective date. The effective date of this plan of  
35 optional alternative benefits and contributions shall be the  
36 date upon which approval was received from the U.S. Internal



1 Revenue Service. The plan of optional alternative benefits and  
2 contributions shall not be available to any former employee  
3 receiving an annuity from the Fund on the effective date,  
4 unless said former employee re-enters service and renders at  
5 least 3 years of additional service after the date of re-entry  
6 as a commissioner.

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

8 (40 ILCS 5/13-402) (from Ch. 108 1/2, par. 13-402)

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

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

27 (40 ILCS 5/13-403) (from Ch. 108 1/2, par. 13-403)

28 Sec. 13-403. Military service.

29 (a) Any employee who, after commencement of service with  
30 the Employer, enlisted, was inducted or was otherwise ordered  
31 to serve in the military forces of the United States pursuant  
32 to any law, shall receive full service credit for the various  
33 purposes of this Article as though the employee were in the  
34 active service of the Employer during the period of military

1 service provided that:

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

7 (2) the employee returns to the employ of the Employer  
8 within 90 days after the termination of the national  
9 emergency; and

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

14 (b) For a ten-year period following July 24, 2003 ~~the~~  
15 ~~effective date of this amendatory Act of the 93rd General~~  
16 ~~Assembly,~~ a contributing employee or commissioner meeting the  
17 minimum service requirements provided under this subsection  
18 may establish additional service credit for a period of up to 2  
19 years of active military service in the United States Armed  
20 Forces for which he or she does not qualify for credit under  
21 subsection (a), provided that (1) the person was not  
22 dishonorably discharged from the military service, and (2) the  
23 amount of service credit established by the person under this  
24 subsection (b), when added to the amount of any military  
25 service credit granted to the person under subsection (a),  
26 shall not exceed 5 years.

27 The minimum service requirement for a contributing  
28 employee is 10 years of service credit as provided in Sections  
29 13-401 and 13-402 of this Article and exclusive of Article 20.  
30 The minimum service requirement for a contributing  
31 commissioner is 5 years of service credit as provided in  
32 Sections 13-401 and 13-402 of this Article and exclusive of  
33 Article 20.

34 In order to establish military service credit under this  
35 subsection (b), the applicant must submit a written application  
36 to the Fund, including the applicant's discharge papers from

1 military service, and pay to the Fund (i) employee  
2 contributions at the rates provided in this Article, based upon  
3 the person's salary on the last date as a participating  
4 employee prior to the military service or on the first date as  
5 a participating employee after the military service, whichever  
6 is greater, plus (ii) the current amount determined by the  
7 board to be equal to the employer's normal cost of the benefits  
8 accrued for such military service, plus (iii) regular interest  
9 of 3% compounded annually on items (i) and (ii) from the date  
10 of entry or re-entry as a participating employee following the  
11 military service to the date of payment. Contributions must be  
12 paid in full before the credit is granted. Credit established  
13 under this subsection may be used for pension purposes only.

14 Notwithstanding any other provision of this Section, a  
15 person may not establish creditable service under this Section  
16 for any period for which the person receives credit under any  
17 other public employee retirement system, unless the credit  
18 under that other retirement system has been irrevocably  
19 relinquished.

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

21 (40 ILCS 5/13-502) (from Ch. 108 1/2, par. 13-502)

22 Sec. 13-502. Employee contributions; deductions from  
23 salary.

24 (a) Retirement annuity and child's annuity. There shall be  
25 deducted from each payment of salary an amount equal to 7 1/2%  
26 of salary as the employee's contribution for the retirement  
27 annuity, including annual increases therefore and child's  
28 annuity.

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

33 (c) Pickup of employee contributions. The Employer may pick  
34 up employee contributions required under subsections (a) and  
35 (b) of this Section. If contributions are picked up they shall

1 be treated as Employer contributions in determining tax  
2 treatment under the United States Internal Revenue Code, and  
3 shall not be included as gross income of the employee until  
4 such time as they are distributed. The Employer shall pay these  
5 employee contributions from the same source of funds used in  
6 paying salary to the employee. The Employer may pick up these  
7 contributions by a reduction in the cash salary of the employee  
8 or by an offset against a future salary increase or by a  
9 combination of a reduction in salary and offset against a  
10 future salary increase. If employee contributions are picked up  
11 they shall be treated for all purposes of this Article 13,  
12 including Sections 13-503 and 13-601, in the same manner and to  
13 the same extent as employee contributions made prior to the  
14 date picked up.

15 (d) Subject to the requirements of federal law, the  
16 Employer shall pick up optional contributions that the employee  
17 has elected to pay to the Fund under Section 13-304.1, and the  
18 contributions so picked up shall be treated as employer  
19 contributions for the purposes of determining federal tax  
20 treatment. The Employer shall pick up the contributions by a  
21 reduction in the cash salary of the employee and shall pay the  
22 contributions from the same fund that is used to pay earnings  
23 to the employee. The Employer shall, however, continue to  
24 withhold federal and State income taxes based upon  
25 contributions made under Section 13-304.1 until the Internal  
26 Revenue Service or the federal courts rule that pursuant to  
27 Section 414(h) of the U.S. Internal Revenue Code of 1986, as  
28 amended, these contributions shall not be included as gross  
29 income of the employee until such time as they are distributed  
30 or made available.

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

33 (f) Subject to the requirements of federal law, the  
34 Employer shall pick up contributions that a commissioner has  
35 elected to pay to the Fund under Section 13-314, and the  
36 contributions so picked up shall be treated as employer

1 contributions for the purposes of determining federal tax  
2 treatment. The Employer shall pick up the contributions by a  
3 reduction in the cash salary of the commissioner and shall pay  
4 the contributions from the same fund as is used to pay earnings  
5 to the commissioner. The Employer shall, however, continue to  
6 withhold federal and State income taxes based upon  
7 contributions made under Section 13-314 until the U.S. Internal  
8 Revenue Service or the federal courts rule that pursuant to  
9 Section 414(h) of the Internal Revenue Code of 1986, as  
10 amended, these contributions shall not be included as gross  
11 income of the employee until such time as they are distributed  
12 or made available.

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

14 (40 ILCS 5/13-601) (from Ch. 108 1/2, par. 13-601)

15 Sec. 13-601. Refunds.

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

29 (b) Surviving spouse's annuity contributions. A refund of  
30 all amounts deducted from salary or otherwise contributed by an  
31 employee for the surviving spouse's annuity shall be paid upon  
32 retirement to any employee who on the date of retirement is  
33 either not married or is married but whose spouse is not  
34 eligible for a surviving spouse's annuity paid wholly or in  
35 part under this Article. The refund shall include interest on

1 each contribution at the rate of 3% per annum compounded  
2 annually from the date of the contribution to the date of the  
3 refund.

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

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

29 If a reversionary annuity becomes payable under Section  
30 13-303, the refund provided in this section shall not be paid  
31 until the death of the reversionary annuitant and the refund  
32 otherwise payable under this section shall be then further  
33 reduced by the amount of the reversionary annuity paid.

34 (d) In lieu of annuity. Notwithstanding the provisions set  
35 forth in subsection (a) of this section, whenever an employee's  
36 or surviving spouse's annuity will be less than \$200 per month,

1 the employee or surviving spouse, as the case may be, may elect  
2 to receive a refund of accumulated employee contributions;  
3 provided, however, that if the election is made by a surviving  
4 spouse the refund shall be reduced by any amounts theretofore  
5 paid to the employee in the form of an annuity.

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

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

15 (40 ILCS 5/13-603) (from Ch. 108 1/2, par. 13-603)

16 Sec. 13-603. Restoration of rights. If an employee who has  
17 received a refund subsequently re-enters the service and  
18 renders one year of contributing service from the date of such  
19 re-entry, the employee shall be entitled to have restored all  
20 accumulation and service credits previously forfeited by  
21 making a repayment of the refund, including interest from the  
22 date of the refund to the date of repayment at a rate equal to  
23 the higher of 8% per annum or the actuarial investment return  
24 assumption used in the Fund's most recent Annual Actuarial  
25 Statement. Repayment may be made either directly to the Fund or  
26 in a manner similar to that provided for the contributions  
27 required under Section 13-502. The service credits represented  
28 thereby, or any part thereof, shall not become effective unless  
29 the full amount due has been paid by the employee, including  
30 interest. The repayment must be made in full by the employee no  
31 later than 90 days following the date of the employee's final  
32 withdrawal from service. If the employee fails to make a full  
33 repayment, any partial amounts paid by the employee shall be  
34 refunded without interest ~~if the employee dies in service or~~  
35 ~~withdraws.~~

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

2 (40 ILCS 5/13-706) (from Ch. 108 1/2, par. 13-706)

3 Sec. 13-706. Board powers and duties. The Board shall have  
4 the powers and duties set forth in this Section, in addition to  
5 such other powers and duties as may be provided in this Article  
6 and in this Code:

7 (a) To supervise collections. To see that all amounts  
8 specified in this Article to be applied to the Fund, from any  
9 source, are collected and applied.

10 (b) To notify of deductions. To notify the Clerk of the  
11 Water Reclamation District of the deductions to be made from  
12 the salaries of employees.

13 (c) To accept gifts. To accept by gift, grant, bequest or  
14 otherwise any money or property of any kind and use the same  
15 for the purposes of the Fund.

16 (d) To invest the reserves. To invest the reserves of the  
17 Fund in accordance with the provisions set forth in Section  
18 1-113 of Article 1 of this Code. The Board is also authorized  
19 to transfer securities to the Illinois State Board of  
20 Investment for the purpose of participation in any commingled  
21 investment fund as provided in Article 22A of this Code.

22 (e) To authorize payments. To consider and pass upon all  
23 applications for annuities and benefits; to authorize or  
24 suspend the payment of any annuity or benefit; to inquire into  
25 the validity and legality of any grant of annuity or benefit  
26 paid from or payable out of the Fund; to increase, reduce, or  
27 suspend any such annuity or benefit whenever the annuity or  
28 benefit, or any part thereof, was secured or granted, or the  
29 amount thereof fixed, as the result of misrepresentation,  
30 fraud, or error. No such annuity or benefit shall be  
31 permanently reduced or suspended until the affected annuitant  
32 or beneficiary is first notified of the proposed action and  
33 given an opportunity to be heard. No trustee of the Board shall  
34 vote upon that trustee's own personal claim for annuity,  
35 benefit or refund, or participate in the deliberations of the



1 Board as to the validity of any such claim. The Board shall  
2 have exclusive original jurisdiction in all matters of claims  
3 for annuities, benefits and refunds.

4 (f) To submit an annual report. To submit a report in July  
5 of each year to the Board of Commissioners of the Water  
6 Reclamation District as of the close of business on December  
7 31st of the preceding year. The report shall include the  
8 following:

9 (1) A balance sheet, showing the financial and  
10 actuarial condition of the Fund as of the end of the  
11 calendar year;

12 (2) A statement of receipts and disbursements during  
13 such year;

14 (3) A statement showing changes in the asset,  
15 liability, reserve and surplus accounts during such year;

16 (4) A detailed statement of investments as of the end  
17 of the year; and

18 (5) Any additional information as is deemed necessary  
19 for proper interpretation of the condition of the Fund.

20 (g) To subpoena witnesses. To compel witnesses to attend  
21 and testify before it upon any matter concerning the Fund and  
22 allow witness fees not in excess of \$6 for attendance upon any  
23 one day. The President and other members of the Board may  
24 administer oaths to witnesses.

25 (h) To appoint employees and consultants. To appoint such  
26 actuarial, medical, legal, investigational, clerical or  
27 financial employees and consultants as are necessary, and fix  
28 their compensation.

29 (i) To make rules. To make rules and regulations necessary  
30 for the administration of the affairs of the Fund.

31 (j) To waive guardianship. To waive the requirement of  
32 legal guardianship of any minor unmarried beneficiary of the  
33 Fund living with a parent or grandparent, and legal  
34 guardianship of any beneficiary under legal disability whose  
35 husband, wife, or parent is managing such beneficiary's  
36 affairs, whenever the Board deems such waiver to be in the best

1 interest of the beneficiary.

2 (k) To collect amounts due. To collect any amounts due to  
3 the Fund from any participant or beneficiary prior to payment  
4 of any annuity, benefit or refund.

5 (l) To invoke rule of offset. To offset against any amount  
6 payable to an employee or to any other person such sums as may  
7 be due to the Fund or may have been paid by the Fund due to  
8 misrepresentation, fraud or error.

9 (m) To assess and collect interest on amounts due to the  
10 Fund using the annual rate as shall from time to time be  
11 determined by the Board, compounded annually from the date of  
12 notification to the date of payment.

13 (Source: P.A. 87-794.)

14 Section 90. The State Mandates Act is amended by adding  
15 Section 8.29 as follows:

16 (30 ILCS 805/8.29 new)

17 Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8  
18 of this Act, no reimbursement by the State is required for the  
19 implementation of any mandate created by this amendatory Act of  
20 the 94th General Assembly.

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