

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. The Illinois Pension Code is amended by changing  
5 Sections 14-119 and 14-121 as follows:

6 (40 ILCS 5/14-119) (from Ch. 108 1/2, par. 14-119)

7 Sec. 14-119. Amount of widow's annuity.

8 (a) The widow's annuity shall be 50% of the amount of  
9 retirement annuity payable to the member on the date of death  
10 while on retirement if an annuitant, or on the date of his  
11 death while in service if an employee, regardless of his age on  
12 such date, or on the date of withdrawal if death occurred after  
13 termination of service under the conditions prescribed in the  
14 preceding Section.

15 (b) If an eligible widow, regardless of age, has in her  
16 care any unmarried child or children of the member under age 18  
17 (under age 22 if a full-time student), the widow's annuity  
18 shall be increased in the amount of 5% of the retirement  
19 annuity for each such child, but the combined payments for a  
20 widow and children shall not exceed 66 2/3% of the member's  
21 earned retirement annuity.

22 The amount of retirement annuity from which the widow's  
23 annuity is derived shall be that earned by the member without

1 regard to whether he attained age 60 prior to his withdrawal  
2 under the conditions stated or prior to his death.

3 (c) Marriage of a child shall render the child ineligible  
4 for further consideration in the increase in the amount of the  
5 widow's annuity.

6 Attainment of age 18 (age 22 if a full-time student) shall  
7 render a child ineligible for further consideration in the  
8 increase of the widow's annuity, but the annuity to the widow  
9 shall be continued thereafter, without regard to her age at  
10 that time.

11 (d) Except as otherwise provided in this subsection (d), a  
12 ~~A~~ widow's annuity payable on account of any covered employee  
13 who has ~~shall have~~ been a covered employee for at least 18  
14 months shall be reduced by 1/2 of the amount of survivors  
15 benefits to which his beneficiaries are eligible under the  
16 provisions of the Federal Social Security Act, except that (1)  
17 the amount of any widow's annuity payable under this Article  
18 shall not be reduced by reason of any increase under that Act  
19 which occurs after the offset required by this subsection is  
20 first applied to that annuity, and (2) for benefits granted on  
21 or after January 1, 1992, the offset under this subsection (d)  
22 shall not exceed 50% of the amount of widow's annuity otherwise  
23 payable.

24 Beginning July 1, 2009, the offset under this subsection  
25 (d) shall no longer be applied to any widow's annuity of any  
26 person who began receiving retirement benefits or a widow's

1 annuity prior to January 1, 1998.

2 Beginning July 1, 2009, the offset under this subsection  
3 (d) shall no longer be applied to the widow's annuity of any  
4 person who began receiving a widow's annuity on or after  
5 January 1, 1998 and before the effective date of this  
6 amendatory Act of the 95th General Assembly.

7 Any person who began receiving retirement benefits after  
8 January 1, 1998 and before the effective date of this  
9 amendatory Act of the 95th General Assembly may, during a  
10 one-time election period established by the System, elect to  
11 reduce his or her retirement annuity by 3.825% in exchange for  
12 not having the offset under this subsection (d) applied to his  
13 or her widow's annuity.

14 Any employee in service on the effective date of this  
15 amendatory Act of the 95th General Assembly may, at the time of  
16 retirement, elect to reduce his or her retirement annuity by  
17 3.825% in exchange for not having the offset under this  
18 subsection (d) applied to his or her widow's annuity.

19 If a widow's annuity is payable to the widow of an employee  
20 based on the employee's death in service, then the offset under  
21 this subsection (d) shall no longer be applied to the widow's  
22 annuity.

23 A retiree who elects to reduce his or her retirement  
24 annuity under this subsection (d) in exchange for not having  
25 the offset applied may make an irrevocable election to  
26 eliminate the reduction of his or her retirement annuity if

1 there is a change in marital status due to death or divorce,  
2 but the retiree is not entitled to reimbursement of any benefit  
3 reduction prior to the election.

4 (e) Upon the death of a recipient of a widow's annuity the  
5 excess, if any, of the member's accumulated contributions plus  
6 credited interest over all annuity payments to the member and  
7 widow, exclusive of the \$500 lump sum payment, shall be paid to  
8 the named beneficiary of the widow, or if none has been named,  
9 to the estate of the widow, provided no reversionary annuity is  
10 payable.

11 (f) On January 1, 1981, any recipient of a widow's annuity  
12 who was receiving a widow's annuity on or before January 1,  
13 1971, shall have her widow's annuity then being paid increased  
14 by 1% for each full year which has elapsed from the date the  
15 widow's annuity began. On January 1, 1982, any recipient of a  
16 widow's annuity who began receiving a widow's annuity after  
17 January 1, 1971, but before January 1, 1981, shall have her  
18 widow's annuity then being paid increased by 1% for each full  
19 year which has elapsed from the date the widow's annuity began.  
20 On January 1, 1987, any recipient of a widow's annuity who  
21 began receiving the widow's annuity on or before January 1,  
22 1977, shall have the monthly widow's annuity increased by \$1  
23 for each full year which has elapsed since the date the annuity  
24 began.

25 (g) Beginning January 1, 1990, every widow's annuity shall  
26 be increased (1) on each January 1 occurring on or after the

1 commencement of the annuity if the deceased member died while  
2 receiving a retirement annuity, or (2) in other cases, on each  
3 January 1 occurring on or after the first anniversary of the  
4 commencement of the annuity, by an amount equal to 3% of the  
5 current amount of the annuity, including any previous increases  
6 under this Article. Such increases shall apply without regard  
7 to whether the deceased member was in service on or after the  
8 effective date of Public Act 86-1488, but shall not accrue for  
9 any period prior to January 1, 1990.

10 (Source: P.A. 95-279, eff. 1-1-08.)

11 (40 ILCS 5/14-121) (from Ch. 108 1/2, par. 14-121)

12 Sec. 14-121. Amount of survivors annuity. A survivors  
13 annuity beneficiary shall be entitled upon death of the member  
14 to a single sum payment of \$1,000, payable pro rata among all  
15 persons entitled thereto, together with a survivors annuity  
16 payable at the rates and under the conditions specified in this  
17 Article.

18 (a) If the survivors annuity beneficiary is a spouse, the  
19 survivors annuity shall be 30% of final average compensation  
20 subject to a maximum payment of \$400 per month.

21 (b) If an eligible child or children under the care of a  
22 spouse also survives the member, such spouse as natural  
23 guardian of the child or children shall receive, in addition to  
24 the foregoing annuity, 20% of final average compensation on  
25 account of each such child and 10% of final average

1 compensation divided pro rata among such children, subject to a  
2 maximum payment on account of all survivor annuity  
3 beneficiaries of \$600 per month, or 80% of the member's final  
4 average compensation, whichever is the lesser.

5 (c) If the survivors annuity beneficiary or beneficiaries  
6 consists of an unmarried child or children, the amount of  
7 survivors annuity shall be 20% of final average compensation to  
8 each child, and 10% of final average compensation divided pro  
9 rata among all such children entitled to such annuity, subject  
10 to a maximum payment to all children combined of \$600 per month  
11 or 80% of the member's final average compensation, whichever is  
12 the lesser.

13 (d) If the survivors annuity beneficiary is one or more  
14 dependent parents, the annuity shall be 20% of final average  
15 compensation to each parent and 10% of final average  
16 compensation divided pro rata among the parents who qualify for  
17 this annuity, subject to a maximum payment to both dependent  
18 parents of \$400 per month.

19 (e) The survivors annuity to the spouse, children or  
20 dependent parents of a member whose death occurs after the date  
21 of last withdrawal, or after retirement, or while in service  
22 following reentry into service after retirement but before  
23 completing 1 1/2 years of additional creditable service, shall  
24 not exceed the lesser of 80% of the member's earned retirement  
25 annuity at the date of death or the maximum previously  
26 established in this Section.

1 (f) In applying the limitation prescribed on the combined  
2 payments to 2 or more survivors annuity beneficiaries, the  
3 annuity on account of each beneficiary shall be reduced pro  
4 rata until such time as the number of beneficiaries makes the  
5 reduction no longer applicable.

6 (g) Except as otherwise provided in this subsection (g), a  
7 survivors annuity payable on account of any covered employee  
8 who has ~~shall have~~ been a covered employee for at least 18  
9 months at date of death or last withdrawal, whichever is the  
10 later, shall be reduced by 1/2 of the survivors benefits to  
11 which his beneficiaries are eligible under the federal Social  
12 Security Act, except that (1) the survivors annuity payable  
13 under this Article shall not be reduced by any increase under  
14 that Act which occurs after the offset required by this  
15 subsection is first applied to that annuity, (2) for benefits  
16 granted on or after January 1, 1992, the offset under this  
17 subsection (g) shall not exceed 50% of the amount of survivors  
18 annuity otherwise payable.

19 Beginning July 1, 2009, the offset under this subsection  
20 (g) shall no longer be applied to any survivors annuity of any  
21 person who began receiving retirement benefits or a survivors  
22 annuity prior to January 1, 1998.

23 Beginning July 1, 2009, the offset under this subsection  
24 (g) shall no longer be applied to the survivors annuity of any  
25 person who began receiving a survivors annuity on or after  
26 January 1, 1998 and before the effective date of this

1 amendatory Act of the 95th General Assembly.

2 Any person who began receiving retirement benefits after  
3 January 1, 1998 and before the effective date of this  
4 amendatory Act of the 95th General Assembly may, during a  
5 one-time election period established by the System, elect to  
6 reduce his or her retirement annuity by 3.825% in exchange for  
7 not having the offset under this subsection (g) applied to his  
8 or her survivors annuity.

9 Any employee in service on the effective date of this  
10 amendatory Act of the 95th General Assembly may, at the time of  
11 retirement, elect to reduce his or her retirement annuity by  
12 3.825% in exchange for not having the offset under this  
13 subsection (g) applied to his or her survivors annuity.

14 If a survivors annuity is payable to the widow of an  
15 employee based on the employee's death in service, then the  
16 offset under this subsection (g) shall no longer be applied to  
17 the survivors annuity.

18 A retiree who elects to reduce his or her retirement  
19 annuity under this subsection (g) in exchange for not having  
20 the offset applied may make an irrevocable election to  
21 eliminate the reduction of his or her retirement annuity if  
22 there is a change in marital status due to death or divorce,  
23 but the retiree is not entitled to reimbursement of any benefit  
24 reduction prior to the election.

25 (h) The minimum payment to a beneficiary hereunder shall be  
26 \$60 per month, which shall be reduced in accordance with the



1 limitation prescribed on the combined payments to all  
2 beneficiaries of a member.

3 (i) Subject to the conditions set forth in Section 14-120,  
4 the minimum total survivors annuity benefit payable to the  
5 survivors annuity beneficiaries of a deceased member or  
6 annuitant whose death occurs on or after January 1, 1984, shall  
7 be 50% of the amount of retirement annuity that was or would  
8 have been payable to the deceased on the date of death,  
9 regardless of the age of the deceased on such date. If the  
10 minimum total benefit provided by this subsection exceeds the  
11 maximum otherwise imposed by this Section, the minimum total  
12 benefit shall nevertheless be payable. Any increase in the  
13 total survivors annuity benefit resulting from the operation of  
14 this subsection shall be divided among the survivors annuity  
15 beneficiaries of the deceased in proportion to their shares of  
16 the total survivors annuity benefit otherwise payable under  
17 this Section.

18 (j) Any survivors annuity beneficiary whose annuity  
19 terminates due to any condition specified in this Article other  
20 than death shall be entitled to a refund of the excess, if any,  
21 of the accumulated contributions of the member plus credited  
22 interest over all payments to the member and beneficiary or  
23 beneficiaries, exclusive of the single sum payment of \$1,000,  
24 provided no future survivors or reversionary annuity benefits  
25 are payable.

26 (k) Upon the death of the last eligible recipient of a

1 survivors annuity the excess, if any, of the member's  
2 accumulated contributions plus credited interest over all  
3 annuity payments to the member and survivors exclusive of the  
4 single sum payment of \$1000, shall be paid to the named  
5 beneficiary of the last eligible survivor, or if none has been  
6 named, to the estate of the last eligible survivor, provided no  
7 reversionary annuity is payable.

8 (l) On January 1, 1981, any survivor who was receiving a  
9 survivors annuity on or before January 1, 1971, shall have his  
10 survivors annuity then being paid increased by 1% for each full  
11 year which has elapsed from the date the annuity began. On  
12 January 1, 1982, any survivor who began receiving a survivor's  
13 annuity after January 1, 1971, but before January 1, 1981,  
14 shall have his survivor's annuity then being paid increased by  
15 1% for each full year that has elapsed from the date the  
16 annuity began. On January 1, 1987, any survivor who began  
17 receiving a survivor's annuity on or before January 1, 1977,  
18 shall have the monthly survivor's annuity increased by \$1 for  
19 each full year which has elapsed since the date the survivor's  
20 annuity began.

21 (m) Beginning January 1, 1990, every survivor's annuity  
22 shall be increased (1) on each January 1 occurring on or after  
23 the commencement of the annuity if the deceased member died  
24 while receiving a retirement annuity, or (2) in other cases, on  
25 each January 1 occurring on or after the first anniversary of  
26 the commencement of the annuity, by an amount equal to 3% of

1 the current amount of the annuity, including any previous  
2 increases under this Article. Such increases shall apply  
3 without regard to whether the deceased member was in service on  
4 or after the effective date of Public Act 86-1488, but shall  
5 not accrue for any period prior to January 1, 1990.

6 (Source: P.A. 86-273; 86-1488; 87-794.)

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