

SB2529



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB2529

Introduced 2/15/2008, by Sen. Kwame Raoul

SYNOPSIS AS INTRODUCED:

40 ILCS 5/15-136.4

Amends the State Universities Article of the Illinois Pension Code. In provisions concerning retirement and survivor benefits under the portable benefit package, makes various technical changes, including referring to the optional benefit choices as optional forms of payment. Effective immediately.

LRB095 18550 AMC 44636 b

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employment 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 Section 15-136.4 as follows:

6 (40 ILCS 5/15-136.4)

7 Sec. 15-136.4. Retirement and Survivor Benefits Under
8 Portable Benefit Package.

9 (a) This Section 15-136.4 describes the form of annuity and
10 survivor benefits available to a participant who has elected
11 the portable benefit package and has completed the one-year
12 waiting period required under subsection (e) of Section
13 15-134.5. For purposes of this Section, the term "eligible
14 spouse" means the husband or wife of a participant to whom the
15 participant is married on the date the participant's ~~retirement~~
16 annuity payment period begins, provided however, that if the
17 participant should die prior to the commencement of retirement
18 annuity benefits, then "eligible spouse" means the husband or
19 wife, if any, to whom the participant was married throughout
20 the one-year period preceding the date of his or her death.

21 (b) This subsection (b) describes the normal form of
22 annuity payable to a participant subject to this Section
23 15-136.4. If the participant is unmarried on the date his or

1 her annuity payment period begins ~~payments commence~~, then the
2 annuity payments shall be made in the form of a single-life
3 annuity as described in Section 15-118. If the participant is
4 married on the date his or her annuity payments commence, then
5 the annuity payments shall be paid in the form of a qualified
6 joint and survivor annuity that is the actuarial equivalent of
7 the single-life annuity. Under the "qualified joint and
8 survivor annuity", a reduced amount shall be paid to the
9 participant for his or her lifetime and his or her eligible
10 spouse, if surviving at the participant's death, shall be
11 entitled to receive thereafter a lifetime survivorship annuity
12 in a monthly amount equal to 50% of the reduced monthly amount
13 that was payable to the participant. The last payment of a
14 qualified joint and survivor annuity shall be made as of the
15 first day of the month in which the death of the survivor
16 occurs.

17 (c) Instead of the normal form of annuity that would be
18 paid under subsection (b), a participant may elect in writing
19 within the 90-day period prior to the date his or her annuity
20 payments commence to waive the normal form of annuity payment
21 and receive an optional form of payment annuity as described in
22 subsection (h). If the participant is married and elects an
23 optional form of payment annuity under subsection (h) other
24 than a joint and survivor annuity with the eligible spouse
25 designated as the contingent annuitant, then such election
26 shall require the consent of his or her eligible spouse in the

1 manner described in subsection (d). At any time during the
2 90-day period preceding the date the participant's payment
3 period begins ~~annuity commences~~, the participant may revoke the
4 optional form of payment elected under this subsection (c) and
5 reinstate coverage under the qualified joint and survivor
6 annuity without the spouse's consent, but an election to revoke
7 the optional form elected and elect a new optional form of
8 payment or designate a different contingent annuitant shall not
9 be effective without the eligible spouse's consent.

10 (d) The eligible spouse's consent to any election made
11 pursuant to this Section that requires the eligible spouse's
12 consent shall be in writing and shall acknowledge the effect of
13 the consent. In addition, the eligible spouse's signature on
14 the written consent must be witnessed by a notary public. The
15 eligible spouse's consent need not be obtained if the system is
16 satisfied that there is no eligible spouse, that the eligible
17 spouse cannot be located, or because of any other relevant
18 circumstances. An eligible spouse's consent under this Section
19 is valid only with respect to the specified optional form of
20 payment and, if applicable, contingent annuitant designated by
21 the participant. If the optional form of payment or the
22 contingent annuitant is subsequently changed (other than by a
23 revocation of the optional form of payment and reinstatement of
24 the qualified joint and survivor annuity), a new consent by the
25 eligible spouse is required. The eligible spouse's consent to
26 an election made by a participant pursuant to this Section,

1 once made, may not be revoked by the eligible spouse.

2 (e) Within a reasonable period of time preceding the date a
3 participant's annuity commences, a participant shall be
4 supplied with a written explanation of (1) the terms and
5 conditions of the normal form single-life annuity and qualified
6 joint and survivor annuity, (2) the participant's right to
7 elect a single-life annuity or an optional form of payment
8 under subsection (h) subject to his or her eligible spouse's
9 consent, if applicable, and (3) the participant's right to
10 reinstate coverage under the qualified joint and survivor
11 annuity prior to his or her annuity commencement date by
12 revoking an election of an optional form of payment benefit
13 under subsection (h).

14 (f) If a married participant with at least 1.5 years of
15 service dies prior to commencing retirement annuity payments
16 and prior to taking a refund under Section 15-154, his or her
17 eligible spouse is entitled to receive a pre-retirement
18 survivor annuity, if there is not then in effect a waiver of
19 the pre-retirement survivor annuity. The pre-retirement
20 survivor annuity payable under this subsection shall be a
21 monthly annuity payable for the eligible spouse's life,
22 commencing as of the beginning of the month next following the
23 later of the date of the participant's death or the date the
24 participant would have first met the eligibility requirements
25 for retirement, and continuing through the beginning of the
26 month in which the death of the eligible spouse occurs. The

1 monthly amount payable to the spouse under the pre-retirement
2 survivor annuity shall be equal to the monthly amount that
3 would be payable as a survivor annuity under the qualified
4 joint and survivor annuity described in subsection (b) if: (1)
5 in the case of a participant who dies on or after the date on
6 which the participant has met the eligibility requirements for
7 retirement, the participant had retired with an immediate
8 qualified joint and survivor annuity on the day before the
9 participant's date of death; or (2) in the case of a
10 participant who dies before the earliest date on which the
11 participant would have met the eligibility requirements for
12 retirement age, the participant had separated from service on
13 the date of death, survived to the earliest retirement age
14 based on service prior to his or her death, retired with an
15 immediate qualified joint and survivor annuity at the earliest
16 retirement age, and died on the day after the day on which the
17 participant would have attained the earliest retirement age.

18 (g) A married participant who has not retired may elect at
19 any time to waive the pre-retirement survivor annuity described
20 in subsection (f). Any such election shall require the consent
21 of the participant's eligible spouse in the manner described in
22 subsection (d) ~~(e)~~. A waiver of the pre-retirement survivor
23 annuity shall increase the lump sum death benefit payable under
24 subsection (b) of Section 15-141. Prior to electing any waiver
25 of the pre-retirement survivor annuity, the participant shall
26 be provided with a written explanation of (1) the terms and

1 conditions of the pre-retirement survivor annuity and the death
2 benefits payable from the system both with and without the
3 pre-retirement survivor annuity, (2) the participant's right
4 to elect a waiver of the pre-retirement survivor annuity
5 coverage subject to his or her spouse's consent, and (3) the
6 participant's right to reinstate pre-retirement survivor
7 annuity coverage at any time by revoking a prior waiver of such
8 coverage.

9 (h) By filing a timely election with the system, a
10 participant who will be eligible to receive a retirement
11 annuity under this Section may waive the normal form of annuity
12 payment described in subsection (b), subject to obtaining the
13 consent of his or her eligible spouse, if applicable, and elect
14 to receive any one of the following optional forms of payment:

15 (1) Joint and Survivor Annuity Options: The
16 participant may elect to receive a reduced annuity payable
17 for his or her life and to have a lifetime survivorship
18 annuity in a monthly amount equal to 50%, 75%, or 100% (as
19 elected by the participant) of that reduced monthly amount,
20 to be paid after the participant's death to his or her
21 contingent annuitant, if the contingent annuitant is alive
22 at the time of the participant's death.

23 (2) Single-Life Annuity Option (optional for married
24 participants). The participant may elect to receive a
25 single-life annuity payable for his or her life only.

26 (3) Lump sum retirement benefit. The participant may

1 elect to receive a lump sum retirement benefit that is
2 equal to the amount of a refund payable under Section
3 15-154(a-2).

4 All joint and survivor ~~optional~~ annuity forms shall be in an
5 amount that is the actuarial equivalent of the single-life
6 annuity.

7 For the purposes of this Section, the term "contingent
8 annuitant" means the beneficiary who is designated by a
9 participant at the time the participant elects a joint and
10 survivor annuity to receive the lifetime survivorship annuity
11 in the event the beneficiary survives the participant at the
12 participant's death.

13 (i) Under no circumstances may an option be elected,
14 changed, or revoked after the date the participant's retirement
15 annuity commences.

16 (j) An election made pursuant to subsection (h) shall
17 become inoperative if the participant or the contingent
18 annuitant dies before the date the participant's annuity
19 payments commence, or if the eligible spouse's consent is
20 required and not given.

21 (k) (Blank).

22 (l) The automatic annual increases described in subsection
23 (d) of Section 15-136 shall apply to retirement benefits under
24 the portable benefit package and the automatic annual increases
25 described in subsection (j) of Section 15-145 shall apply to
26 survivor benefits under the portable benefit package.

1 (Source: P.A. 90-448, eff. 8-16-97; 90-766, eff. 8-14-98;
2 91-887, eff. 7-6-00.)

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.