



## 96TH GENERAL ASSEMBLY

### State of Illinois

2009 and 2010

HB1099

Introduced 2/11/2009, by Rep. Kevin A. McCarthy

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/13-303	from Ch. 108 1/2, par. 13-303
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 5/13-314	from Ch. 108 1/2, par. 13-314
40 ILCS 5/13-403	from Ch. 108 1/2, par. 13-403
40 ILCS 5/13-601	from Ch. 108 1/2, par. 13-601
30 ILCS 805/8.33 new	

Amends the Metropolitan Water Reclamation District Article of the Illinois Pension Code. Makes changes in provisions concerning reversionary annuities, child annuities, duty disability benefits, and refunds. Allows a contributing employee or commissioner to establish additional service credit for certain active military service. Makes other changes. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB096 08016 AMC 18121 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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 13-303, 13-308, 13-309, 13-314, 13-403, and 13-601 as  
6 follows:

7 (40 ILCS 5/13-303) (from Ch. 108 1/2, par. 13-303)

8 Sec. 13-303. Reversionary annuity.

9 (a) An employee, prior to retirement on annuity, may elect  
10 a lesser amount of annuity and provide, with the actuarial  
11 value of the amount by which his annuity is reduced, a  
12 reversionary annuity for a wife, husband, parents, children,  
13 brothers or sisters. The election may be exercised by filing a  
14 written designation with the Board prior to retirement, and may  
15 be revoked by the employee at any time before retirement. The  
16 death of the employee prior to retirement shall automatically  
17 void the election.

18 (b) The death of the designated reversionary annuitant  
19 prior to the employee's retirement shall automatically void the  
20 election, but, if death of the designated reversionary  
21 annuitant occurs after retirement, the reduced annuity being  
22 paid to the retired employee annuitant shall remain unchanged  
23 and no reversionary annuity shall be payable.

1           No reversionary annuity shall be paid if the employee dies  
2 before the expiration of 730 days from the date the written  
3 designation was filed with the board, even though the employee  
4 retired and was receiving a reduced annuity.

5           (c) An employee exercising this option shall not reduce the  
6 annuity by more than 25%, nor elect to provide a reversionary  
7 annuity of less than \$100 per month. No such option shall be  
8 permitted if the reversionary annuity for a surviving spouse,  
9 when added to the surviving spouse's annuity payable under this  
10 Article, exceeds 85% of the reduced annuity payable to the  
11 employee.

12           (d) A reversionary annuity shall begin on the day following  
13 the death of the annuitant, with the first payment due and  
14 payable one month later, and shall continue monthly thereafter  
15 until the death of the reversionary annuitant. Beginning on the  
16 first day of the month following the month in which this  
17 amendatory Act of the 96th General Assembly takes effect, a  
18 reversionary annuity shall begin on the first of the month  
19 following the annuitant's death and is payable for the full  
20 month if the reversionary annuitant is alive on the first day  
21 of the month.

22           (e) The increases in annuity provided in Section 13-302(d)  
23 shall, as to an employee so electing a reduced annuity, relate  
24 to the amount of reduced annuity, and such lesser amount shall  
25 constitute the annuity on which such increases shall be based.

26           (f) For determining the actuarial value under this option

1 of the employee's annuity and the reversionary annuity, the  
2 Fund shall use an actuarial table recommended by the Fund's  
3 actuarial consultant and approved by the Board of Trustees.

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

5 (40 ILCS 5/13-308) (from Ch. 108 1/2, par. 13-308)

6 Sec. 13-308. Child's annuity.

7 (a) Eligibility. A child's annuity shall be provided for  
8 each unmarried child under the age of 18 years (under the age  
9 of 23 years in the case of a full-time student) whose employee  
10 parent dies while in service, or whose deceased parent is an  
11 annuitant or former employee with at least 10 years of  
12 creditable service who did not take a refund of employee  
13 contributions. Eligibility for benefits to unmarried children  
14 over the age of 18 but under the age of 23 begins no earlier  
15 than September 1, 2005 ~~the first day of the month following the~~  
16 ~~month in which this amendatory Act of the 94th General Assembly~~  
17 ~~takes effect.~~

18 For purposes of this Section, "employee" includes a former  
19 employee, and "child" means the issue of an employee or a child  
20 adopted by an employee.

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

1 entry into service (at least 24 months in the case of an  
2 employee who first entered service before June 13, 1997) and at  
3 least 12 months from the date of the employee's latest re-entry  
4 into service; provided, however, that if death arises out of  
5 and in the course of service to the employer and is compensable  
6 under 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. Beginning on the first day of the month  
10 following the month in which this amendatory Act of the 96th  
11 General Assembly takes effect, a ~~A~~ child's annuity shall be  
12 \$500 per month for each ~~one~~ child ~~and \$350 per month for each~~  
13 ~~additional child~~, up to a maximum of \$5,000 ~~\$2,500~~ per month  
14 for all children of the employee, as provided in this Section,  
15 if a parent of the child is living. The child's annuity shall  
16 be \$1,000 per month for each ~~one~~ child ~~and \$500 per month for~~  
17 ~~each additional child~~, up to a maximum of \$5,000 ~~\$2,500~~ for all  
18 children of the employee, when neither parent is alive. The  
19 total amount payable to all children of the employee shall be  
20 divided equally among those children. ~~Any child's annuity which~~  
21 ~~commenced prior to July 12, 2001 shall be increased upon the~~  
22 ~~first day of the month following the month in which that~~  
23 ~~effective date occurs, to the amount set forth herein.~~

24 (c) Payment. Until a child attains the age of 18 years, a  
25 child's annuity shall be paid to the child's parent or other  
26 person who shall be providing for the child without requiring

1 formal letters of guardianship, unless another person shall be  
2 appointed by a court of law as guardian. Beginning on the first  
3 day of the month following the month in which this amendatory  
4 Act of the 96th General Assembly takes effect, benefits shall  
5 begin on the first of the month following the employee's or  
6 annuitants date of death and are payable for the full month if  
7 the annuitant was alive on the first day of the month.

8 (Source: P.A. 94-621, eff. 8-18-05; 95-279, eff. 1-1-08.)

9 (40 ILCS 5/13-309) (from Ch. 108 1/2, par. 13-309)

10 Sec. 13-309. Duty disability benefit.

11 (a) Any employee who becomes disabled, which disability is  
12 the result of an injury or illness compensable under the  
13 Illinois Workers' Compensation Act or the Illinois Workers'  
14 Occupational Diseases Act, is entitled to a duty disability  
15 benefit during the period of disability for which the employee  
16 does not receive any part of salary, or any part of a  
17 retirement annuity under this Article; except that in the case  
18 of an employee who first enters service on or after June 13,  
19 1997 and becomes disabled before August 18, 2005 (the effective  
20 date of Public Act 94-621) ~~this amendatory Act of the 94th~~  
21 ~~General Assembly~~, a duty disability benefit is not payable for  
22 the first 3 days of disability that would otherwise be payable  
23 under this Section if the disability does not continue for at  
24 least 11 additional days. The changes made to this Section by  
25 Public Act 94-621 ~~this amendatory Act of the 94th General~~

1 ~~Assembly~~ are prospective only and do not entitle an employee to  
2 a duty disability benefit for the first 3 days of any  
3 disability that occurred before that effective date and did not  
4 continue for at least 11 additional days. This benefit shall be  
5 75% of salary at the date disability begins. However, if the  
6 disability in any measure resulted from any physical defect or  
7 disease which existed at the time such injury was sustained or  
8 such illness commenced, the duty disability benefit shall be  
9 50% of salary.

10 Unless the employer acknowledges that the disability is a  
11 result of injury or illness compensable under the Workers'  
12 Compensation Act or the Workers' Occupational Diseases Act, the  
13 duty disability benefit shall not be payable until the issue of  
14 compensability under those Acts is finally adjudicated. The  
15 period of disability shall be as determined by the Illinois  
16 Workers' Compensation Commission or acknowledged by the  
17 employer.

18 An employee in service before June 13, 1997 shall also  
19 receive a child's disability benefit during the period of  
20 disability of \$10 per month for each unmarried natural or  
21 adopted child of the employee under 18 years of age.

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

1 (b) The benefit shall be allowed only if all of the  
2 following requirements are met by the employee:

3 (1) Application is made to the Board, ~~within 90 days~~  
4 ~~from the date disability begins;~~

5 (2) A medical report is submitted by at least one  
6 licensed and practicing physician as part of the employee's  
7 application, ~~and~~

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

19 (c) The benefit shall terminate when:

20 (1) The employee returns to work or receives a  
21 retirement annuity paid wholly or in part under this  
22 Article;

23 (2) The disability ceases;

24 (3) The employee attains age 65, but if the employee  
25 becomes disabled at age 60 or later, benefits may be  
26 extended for a period of no more than 5 years after



1           disablement;

2           (4) The employee (i) refuses to submit to reasonable  
3           examinations by physicians or other health professionals  
4           appointed by the Board, (ii) fails or refuses to consent to  
5           and sign an authorization allowing the Board to receive  
6           copies of or to examine the employee's medical and hospital  
7           records, or (iii) fails or refuses to provide complete  
8           information regarding any other employment for  
9           compensation he or she has received since becoming  
10          disabled; or

11          (5) The employee willfully and continuously refuses to  
12          follow medical advice and treatment to enable the employee  
13          to return to work. However this provision does not apply to  
14          an employee who relies in good faith on treatment by prayer  
15          through spiritual means alone in accordance with the tenets  
16          and practice of a recognized church or religious  
17          denomination, by a duly accredited practitioner thereof.

18          In the case of a duty disability recipient who returns to  
19          work, the employee must make application to the Retirement  
20          Board within 2 years from the date the employee last received  
21          duty disability benefits in order to become again entitled to  
22          duty disability benefits based on the injury for which a duty  
23          disability benefit was theretofore paid.

24          (Source: P.A. 94-621, eff. 8-18-05; 95-586, eff. 8-31-07.)

25                 (40 ILCS 5/13-314) (from Ch. 108 1/2, par. 13-314)

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

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

16           (b) Alternative annuity. Any participant commissioner may  
17 elect to establish alternative credits for an alternative  
18 annuity by electing in writing to make additional optional  
19 contributions in accordance with this Section and procedures  
20 established by the Board. Unless and until such time as the  
21 U.S. Internal Revenue Service or the federal courts provide a  
22 favorable ruling as described in Section 13-502(f), a  
23 commissioner may discontinue making the additional optional  
24 contributions by notifying the Fund in writing in accordance  
25 with this Section and procedures established by the Board.

26           Additional optional contributions for the alternative

1 annuity shall be as follows:

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

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

23 In lieu of the retirement annuity otherwise payable under  
24 this Article, any commissioner who has elected to participate  
25 in the Fund and make additional optional contributions in  
26 accordance with this Section, has attained age 55, and has at

1 least 6 years of service credit, may elect to have the  
2 retirement annuity computed as follows: 3% of the participant's  
3 average final salary as a commissioner for each of the first 8  
4 years of service credit, plus 4% of such salary for each of the  
5 next 4 years of service credit, plus 5% of such salary for each  
6 year of service credit in excess of 12 years, subject to a  
7 maximum of 80% of such salary. To the extent such commissioner  
8 has made additional optional contributions with respect to only  
9 a portion of years of service credit, the retirement annuity  
10 will first be determined in accordance with this Section to the  
11 extent such additional optional contributions were made, and  
12 then in accordance with the remaining Sections of this Article  
13 to the extent of years of service credit with respect to which  
14 additional optional contributions were not made. The change in  
15 minimum retirement age (from 60 to 55) made by Public Act  
16 87-1265 ~~this amendatory Act of 1993~~ applies to persons who  
17 begin receiving a retirement annuity under this Section on or  
18 after January 25, 1993 (the effective date of Public Act  
19 87-1265) ~~this amendatory Act~~, without regard to whether they  
20 are in service on or after that date.

21 (c) Disability benefits. In lieu of the disability benefits  
22 otherwise payable under this Article, any commissioner who (1)  
23 has elected to participate in the Fund, and (2) has become  
24 permanently disabled and as a consequence is unable to perform  
25 the duties of office, and (3) was making optional contributions  
26 in accordance with this Section at the time the disability was

1 incurred, may elect to receive a disability annuity calculated  
2 in accordance with the formula in subsection (b). For the  
3 purposes of this subsection, such commissioner shall be  
4 considered permanently disabled only if: (i) disability occurs  
5 while in service as a commissioner and is of such a nature as  
6 to prevent the reasonable performance of the duties of office  
7 at the time; and (ii) the Board has received a written  
8 certification by at least 2 licensed physicians appointed by it  
9 stating that such commissioner is disabled and that the  
10 disability is likely to be permanent.

11 (d) Alternative survivor's benefits. In lieu of the  
12 survivor's benefits otherwise payable under this Article, the  
13 spouse or eligible child of any deceased commissioner who (1)  
14 had elected to participate in the Fund, and (2) was either  
15 making (or had already made) additional optional contributions  
16 on the date of death, or was receiving an annuity calculated  
17 under this Section at the time of death, may elect to receive  
18 an annuity beginning on the date of the commissioner's death,  
19 provided that the spouse and commissioner must have been  
20 married on the date of the last termination of a service as  
21 commissioner and for a continuous period of at least one year  
22 immediately preceding death.

23 The annuity shall be payable beginning on the date of the  
24 commissioner's death if the spouse is then age 50 or over, or  
25 beginning at age 50 if the age of the spouse is less than 50  
26 years. If a minor unmarried child or children of the

1 commissioner, under age 18 (age 23 in the case of a full-time  
2 student), also survive, and the child or children are under the  
3 care of the eligible spouse, the annuity shall begin as of the  
4 date of death of the commissioner without regard to the  
5 spouse's age. Beginning on the first day of the month following  
6 the month in which this amendatory Act of the 96th General  
7 Assembly takes effect, benefits shall begin on the first of the  
8 month following the commissioner's date of death if the spouse  
9 is then age 50 or over or, if a minor unmarried child or  
10 children of the commissioner, under age 18 (age 23 in the case  
11 of a full time student), also survive, and the child or  
12 children are under the care of the eligible spouse. The benefit  
13 is payable for the full month if the annuitant was alive on the  
14 first day of the month.

15 The annuity to a spouse shall be the greater of (i) 66 2/3%  
16 of the amount of retirement annuity earned by the commissioner  
17 on the date of death, subject to a minimum payment of 10% of  
18 salary, provided that if an eligible spouse, regardless of age,  
19 has in his or her care at the date of death of the commissioner  
20 any unmarried child or children of the commissioner under age  
21 18, the minimum annuity shall be 30% of the commissioner's  
22 salary, plus 10% of salary on account of each minor child of  
23 the commissioner, subject to a combined total payment on  
24 account of a spouse and minor children not to exceed 50% of the  
25 deceased commissioner's salary or (ii) for the spouse of a  
26 commissioner whose death occurs on or after August 18, 2005

1 ~~(the effective date of Public Act 94-621) ~~this amendatory Act~~~~  
2 ~~of the 94th General Assembly,~~ the surviving spouse annuity  
3 shall be computed in the same manner as described in Section  
4 13-306(a). The number of total service years used to calculate  
5 the commissioner's annuity shall be the number of service years  
6 used to calculate the annuity for that commissioner's surviving  
7 spouse. In the event there shall be no spouse of the  
8 commissioner surviving, or should a spouse die while eligible  
9 minor children still survive the commissioner, each such child  
10 shall be entitled to an annuity equal to 20% of salary of the  
11 commissioner subject to a combined total payment on account of  
12 all such children not to exceed 50% of salary of the  
13 commissioner. The salary to be used in the calculation of these  
14 benefits shall be the same as that prescribed for determining a  
15 retirement annuity as provided in subsection (b) of this  
16 Section.

17 Upon the death of a commissioner occurring after  
18 termination of a service or while in receipt of a retirement  
19 annuity, the combined total payment to a spouse and minor  
20 children, or to minor children alone if no eligible spouse  
21 survives, shall be limited to 85% of the amount of retirement  
22 annuity earned by the commissioner.

23 Marriage of a child or attainment of age 18 (age 23 in the  
24 case of a full-time student), whichever first occurs, shall  
25 render the child ineligible for further consideration in the  
26 payment of annuity to a spouse or in the increase in the amount

1       thereof. Upon attainment of ineligibility of the youngest minor  
2       child of the commissioner, the annuity shall immediately revert  
3       to the amount payable upon death of a commissioner leaving no  
4       minor children surviving. If the spouse is under age 50 at such  
5       time, the annuity as revised shall be deferred until such age  
6       is attained.

7       (e) Refunds. Refunds of additional optional contributions  
8       shall be made on the same basis and under the same conditions  
9       as provided under Section 13-601. Interest shall be credited on  
10      the same basis and under the same conditions as for other  
11      contributions.

12      Optional contributions shall be accounted for in a separate  
13      Commission's Optional Contribution Reserve. Optional  
14      contributions under this Section shall be included in the  
15      amount of employee contributions used to compute the tax levy  
16      under Section 13-503.

17      (f) Effective date. The effective date of this plan of  
18      optional alternative benefits and contributions shall be the  
19      date upon which approval was received from the U.S. Internal  
20      Revenue Service. The plan of optional alternative benefits and  
21      contributions shall not be available to any former employee  
22      receiving an annuity from the Fund on the effective date,  
23      unless said former employee re-enters service and renders at  
24      least 3 years of additional service after the date of re-entry  
25      as a commissioner.

26      (Source: P.A. 94-621, eff. 8-18-05; 95-279, eff. 1-1-08.)



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

2 Sec. 13-403. Military service.

3 (a) Any employee who, after commencement of service with  
4 the Employer, enlisted, was inducted or was otherwise ordered  
5 to serve in the military forces of the United States pursuant  
6 to any law, shall receive full service credit for the various  
7 purposes of this Article as though the employee were in the  
8 active service of the Employer during the period of military  
9 service provided that:

10 (1) such service credit shall be granted for military  
11 service for which the employee volunteers or is inducted or  
12 called into military service pursuant to a call of a duly  
13 constituted authority or a law of the United States  
14 declaring a national emergency;

15 (2) the employee returns to the employ of the Employer  
16 within 90 days after the termination of the national  
17 emergency; and

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

22 (b) For a ten-year period following the effective date of  
23 this amendatory Act of the 96th General Assembly July 24, 2003,  
24 a contributing employee or commissioner meeting the minimum  
25 service requirements provided under this subsection may

1 establish additional service credit for a period of up to 4 ~~2~~  
2 years of active military service in the United States Armed  
3 Forces for which he or she does not qualify for credit under  
4 subsection (a), provided that (1) the person was not  
5 dishonorably discharged from the military service, and (2) the  
6 amount of service credit established by the person under this  
7 subsection (b), when added to the amount of any military  
8 service credit granted to the person under subsection (a),  
9 shall not exceed 5 years.

10 The minimum service requirement for a contributing  
11 employee is 10 years of service credit as provided in Sections  
12 13-401 and 13-402 of this Article and exclusive of Article 20.  
13 The minimum service requirement for a contributing  
14 commissioner is 5 years of service credit as provided in  
15 Sections 13-401 and 13-402 of this Article and exclusive of  
16 Article 20.

17 In order to establish military service credit under this  
18 subsection (b), the applicant must submit a written application  
19 to the Fund, including the applicant's discharge papers from  
20 military service, and pay to the Fund (i) employee  
21 contributions at the rates provided in this Article, based upon  
22 the person's salary on the last date as a participating  
23 employee prior to the military service or on the first date as  
24 a participating employee after the military service, whichever  
25 is greater, plus (ii) the current amount determined by the  
26 board to be equal to the employer's normal cost of the benefits

1 accrued for such military service, plus (iii) regular interest  
2 of 3% compounded annually on items (i) and (ii) from the date  
3 of entry or re-entry as a participating employee following the  
4 military service to the date of payment. Contributions must be  
5 paid in full before the credit is granted. Credit established  
6 under this subsection may be used for pension purposes only.

7 Notwithstanding any other provision of this Section, a  
8 person may not establish creditable service under this Section  
9 for any period for which the person receives credit under any  
10 other public employee retirement system, unless the credit  
11 under that other retirement system has been irrevocably  
12 relinquished.

13 (Source: P.A. 93-334, eff. 7-24-03; 94-621, eff. 8-18-05.)

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,

1 in its discretion, withhold payment of a refund for a period  
2 not to exceed one year from the date of filing an application  
3 for refund.

4 (b) Surviving spouse's annuity contributions. A refund of  
5 all amounts deducted from salary or otherwise contributed by an  
6 employee for the surviving spouse's annuity shall be paid upon  
7 retirement to any employee who on the date of retirement is  
8 either not married or is married but whose spouse is not  
9 eligible for a surviving spouse's annuity paid wholly or in  
10 part under this Article. The refund shall include interest on  
11 each contribution at the rate of 3% per annum compounded  
12 annually from the date of the contribution to the date of the  
13 refund.

14 (c) Payment of Refunds After Death. Whenever any refund is  
15 payable after the death of the employee or annuitant as  
16 provided for in this Article, the refund shall be paid as  
17 follows: to the employee's surviving spouse, but if there is no  
18 surviving spouse then in accordance with the employee's written  
19 designation of beneficiary filed with the Board on the  
20 prescribed form before the employee's death. If there is no  
21 such designation of beneficiary, then to the employee's  
22 surviving children in equal parts to each. If there are no such  
23 children, the refund shall be paid to the heirs of the employee  
24 according to the law of descent and distribution of the State  
25 of Illinois.

26 If a personal representative of the estate has not been

1 appointed within 90 days from the date on which a refund became  
2 payable, the refund may be applied, in the discretion of the  
3 Board, toward the payment of the employee's or the surviving  
4 spouse's burial expenses. Any remaining balance shall be paid  
5 to the heirs of the employee according to the law of descent  
6 and distribution of the State of Illinois.

7 Whenever the total accumulations to the account of an  
8 employee from employee contributions other than the  
9 contribution for the cost of living increase, including  
10 interest to the employee's date of withdrawal, have not been  
11 paid to the employee and surviving spouse as a retirement or  
12 spouse's annuity before the death of the employee and spouse, a  
13 refund shall be paid as follows: an amount equal to the excess  
14 of such amounts over the amounts paid on such annuities without  
15 interest on either such amount.

16 If a reversionary annuity becomes payable under Section  
17 13-303, the refund provided in this section shall not be paid  
18 until the death of the reversionary annuitant and the refund  
19 otherwise payable under this section shall be then further  
20 reduced by the amount of the reversionary annuity paid.

21 (d) In lieu of annuity. Notwithstanding the provisions set  
22 forth in subsection (a) of this section, whenever an employee's  
23 or surviving spouse's annuity will be less than \$200 per month,  
24 the employee or surviving spouse, as the case may be, may elect  
25 to receive a refund of accumulated employee contributions;  
26 provided, however, that if the election is made by a surviving

1 spouse the refund shall be reduced by any amounts theretofore  
2 paid to the employee in the form of an annuity.

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

11 (Source: P.A. 94-621, eff. 8-18-05; 95-586, eff. 8-31-07.)

12 Section 90. The State Mandates Act is amended by adding  
13 Section 8.33 as follows:

14 (30 ILCS 805/8.33 new)

15 Sec. 8.33. Exempt mandate. Notwithstanding Sections 6 and 8  
16 of this Act, no reimbursement by the State is required for the  
17 implementation of any mandate created by this amendatory Act of  
18 the 96th General Assembly.

19 Section 99. Effective date. This Act takes effect upon  
20 becoming law.