



Sen. Kwame Raoul

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1 AMENDMENT TO SENATE BILL 1440

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1440 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Pension Code is amended by  
5 changing Sections 1-106 and 15-136.4 as follows:

6 (40 ILCS 5/1-106) (from Ch. 108 1/2, par. 1-106)

7 Sec. 1-106. Payment of distribution other than direct.

8 (a) The board of trustees of any retirement fund or system  
9 operating under this Code may, at the written direction and  
10 request of any annuitant, solely as an accommodation to the  
11 annuitant, pay the annuity due the annuitant to a bank, savings  
12 and loan association, or any other financial institution  
13 insured by an agency of the federal government, for deposit to  
14 the account of the annuitant, or to a bank, savings and loan  
15 association, or trust company for deposit in a trust  
16 established by the annuitant for his or her benefit with that

1 bank, savings and loan association, or trust company. The  
2 annuitant may withdraw the direction at any time.

3 (b) Beginning January 1, 1993, each pension fund or  
4 retirement system operating under this Code may, and to the  
5 extent required by federal law shall, at the request of any  
6 person entitled to receive a refund, lump-sum benefit, or other  
7 nonperiodic distribution from the pension fund or retirement  
8 system, pay the ~~taxable portion of that~~ distribution directly  
9 to any entity that (1) is designated in writing by the person,  
10 (2) is qualified under federal law to accept an eligible  
11 rollover distribution from a qualified plan, and (3) has agreed  
12 to accept the distribution.

13 (Source: P.A. 87-1265.)

14 (40 ILCS 5/15-136.4)

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

17 (a) This Section 15-136.4 describes the form of annuity and  
18 survivor benefits available to a participant who has elected  
19 the portable benefit package and has completed the one-year  
20 waiting period required under subsection (e) of Section  
21 15-134.5. For purposes of this Section, the term "eligible  
22 spouse" means the husband or wife of a participant to whom the  
23 participant is married on the date the participant's ~~retirement~~  
24 annuity payment period begins, provided however, that if the  
25 participant should die prior to the commencement of retirement

1 annuity benefits, then "eligible spouse" means the husband or  
2 wife, if any, to whom the participant was married throughout  
3 the one-year period preceding the date of his or her death.

4 (b) This subsection (b) describes the normal form of  
5 annuity payable to a participant subject to this Section  
6 15-136.4. If the participant is unmarried on the date his or  
7 her annuity payment period begins ~~payments commence~~, then the  
8 annuity payments shall be made in the form of a single-life  
9 annuity as described in Section 15-118. If the participant is  
10 married on the date his or her annuity payments commence, then  
11 the annuity payments shall be paid in the form of a qualified  
12 joint and survivor annuity that is the actuarial equivalent of  
13 the single-life annuity. Under the "qualified joint and  
14 survivor annuity", a reduced amount shall be paid to the  
15 participant for his or her lifetime and his or her eligible  
16 spouse, if surviving at the participant's death, shall be  
17 entitled to receive thereafter a lifetime survivorship annuity  
18 in a monthly amount equal to 50% of the reduced monthly amount  
19 that was payable to the participant. The last payment of a  
20 qualified joint and survivor annuity shall be made as of the  
21 first day of the month in which the death of the survivor  
22 occurs.

23 (c) Instead of the normal form of annuity that would be  
24 paid under subsection (b), a participant may elect in writing  
25 within the 90-day period prior to the date his or her annuity  
26 payments commence to waive the normal form of annuity payment

1 and receive an optional form of payment annuity as described in  
2 subsection (h). If the participant is married and elects an  
3 optional form of payment annuity under subsection (h) other  
4 than a joint and survivor annuity with the eligible spouse  
5 designated as the contingent annuitant, then such election  
6 shall require the consent of his or her eligible spouse in the  
7 manner described in subsection (d). At any time during the  
8 90-day period preceding the date the participant's payment  
9 period begins ~~annuity commences~~, the participant may revoke the  
10 optional form of payment elected under this subsection (c) and  
11 reinstate coverage under the qualified joint and survivor  
12 annuity without the spouse's consent, but an election to revoke  
13 the optional form elected and elect a new optional form of  
14 payment or designate a different contingent annuitant shall not  
15 be effective without the eligible spouse's consent.

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

1 the participant. If the optional form of payment or the  
2 contingent annuitant is subsequently changed (other than by a  
3 revocation of the optional form of payment and reinstatement of  
4 the qualified joint and survivor annuity), a new consent by the  
5 eligible spouse is required. The eligible spouse's consent to  
6 an election made by a participant pursuant to this Section,  
7 once made, may not be revoked by the eligible spouse.

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

20 (f) If a married participant with at least 1.5 years of  
21 service dies prior to commencing retirement annuity payments  
22 and prior to taking a refund under Section 15-154, his or her  
23 eligible spouse is entitled to receive a pre-retirement  
24 survivor annuity, if there is not then in effect a waiver of  
25 the pre-retirement survivor annuity. The pre-retirement  
26 survivor annuity payable under this subsection shall be a

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

24 (g) A married participant who has not retired may elect at  
25 any time to waive the pre-retirement survivor annuity described  
26 in subsection (f). Any such election shall require the consent

1 of the participant's eligible spouse in the manner described in  
2 subsection (d) ~~(e)~~. A waiver of the pre-retirement survivor  
3 annuity shall increase the lump sum death benefit payable under  
4 subsection (b) of Section 15-141. Prior to electing any waiver  
5 of the pre-retirement survivor annuity, the participant shall  
6 be provided with a written explanation of (1) the terms and  
7 conditions of the pre-retirement survivor annuity and the death  
8 benefits payable from the system both with and without the  
9 pre-retirement survivor annuity, (2) the participant's right  
10 to elect a waiver of the pre-retirement survivor annuity  
11 coverage subject to his or her spouse's consent, and (3) the  
12 participant's right to reinstate pre-retirement survivor  
13 annuity coverage at any time by revoking a prior waiver of such  
14 coverage.

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

21 (1) Joint and Survivor Annuity Options: The  
22 participant may elect to receive a reduced annuity payable  
23 for his or her life and to have a lifetime survivorship  
24 annuity in a monthly amount equal to 50%, 75%, or 100% (as  
25 elected by the participant) of that reduced monthly amount,  
26 to be paid after the participant's death to his or her

1 contingent annuitant, if the contingent annuitant is alive  
2 at the time of the participant's death.

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

6 (3) Lump sum retirement benefit. The participant may  
7 elect to receive a lump sum retirement benefit that is  
8 equal to the amount of a refund payable under Section  
9 15-154(a-2).

10 All joint and survivor ~~optional~~ annuity forms shall be in an  
11 amount that is the actuarial equivalent of the single-life  
12 annuity.

13 For the purposes of this Section, the term "contingent  
14 annuitant" means the beneficiary who is designated by a  
15 participant at the time the participant elects a joint and  
16 survivor annuity to receive the lifetime survivorship annuity  
17 in the event the beneficiary survives the participant at the  
18 participant's death.

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

22 (j) An election made pursuant to subsection (h) shall  
23 become inoperative if the participant or the contingent  
24 annuitant dies before the date the participant's annuity  
25 payments commence, or if the eligible spouse's consent is  
26 required and not given.



1 (k) (Blank).

2 (l) The automatic annual increases described in subsection  
3 (d) of Section 15-136 shall apply to retirement benefits under  
4 the portable benefit package and the automatic annual increases  
5 described in subsection (j) of Section 15-145 shall apply to  
6 survivor benefits under the portable benefit package.

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

9 Section 99. Effective date. This Act takes effect upon  
10 becoming law."