

AN ACT concerning public employee benefits.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Illinois Pension Code is amended by changing Section 14-130 as follows:

(40 ILCS 5/14-130) (from Ch. 108 1/2, par. 14-130)

Sec. 14-130. Refunds; rules.

(a) Upon withdrawal a member is entitled to receive, upon written request, a refund of the member's contributions, including credits granted while in receipt of disability benefits, without credited interest. The board, in its discretion may withhold payment of the refund of a member's contributions for a period not to exceed 1 year after the member has ceased to be an employee.

For purposes of this Section, a member will be considered to have withdrawn from service if a change in, or transfer of, his position results in his becoming ineligible for continued membership in this System and eligible for membership in another public retirement system under this Act.

(b) A member receiving a refund forfeits and relinquishes all accrued rights in the System, including all accumulated creditable service. If the person again becomes a member of the System and establishes at least 2 years of creditable service, the member may repay all the moneys previously refunded or a portion of the moneys previously refunded representing contributions for one or more whole months of creditable service. If a member repays a portion of moneys previously refunded, he or she may later repay some or all of the remaining portion of those previously refunded moneys. However, a former member may restore credits previously forfeited by acceptance of a refund without returning to service by applying in writing and repaying to the System, by

April 1, 1993, the amount of the refund plus regular interest calculated from the date of refund to the date of repayment.

The repayment of refunds issued prior to January 1, 1984 shall consist of the amount refunded plus 5% interest per annum compounded annually for the period from the date of the refund to the end of the month in which repayment is made. The repayment of refunds issued after January 1, 1984 shall consist of the amount refunded plus regular interest for the period from the date of refund to the end of the month in which repayment is made. The repayment of the refund of a person who accepts an alternative retirement cancellation payment under Section 14-108.5 shall consist of the entire amount paid to the person under subsection (c) of Section 14-108.5 plus regular interest for the period from the date of the refund to the end of the month in which repayment is made. However, in the case of a refund that is repaid in a lump sum between January 1, 1991 and July 1, 1991, repayment shall consist of the amount refunded plus interest at the rate of 2.5% per annum compounded annually from the date of the refund to the end of the month in which repayment is made.

Upon repayment, the member shall receive credit for the service for which the refund has been repaid, and the corresponding member contributions and regular interest that was forfeited by acceptance of the refund, as well as regular interest for the period of non-membership. Such repayment shall be made in full before retirement either in a lump sum or in installment payments in accordance with such rules as may be adopted by the board.

(b-5) The Board may adopt rules governing the repayment of refunds and establishment of credits in cases involving awards of back pay or reinstatement. The rules may authorize repayment of a refund in installment payments and may waive the payment of interest on refund amounts repaid in full within a specified period.

(c) A member no longer in service who is unmarried and does not have an eligible survivors annuity beneficiary on the date

of application therefor is entitled to a refund of contributions for widow's annuity or survivors annuity purposes, or both, as the case may be, without interest. A widow's annuity or survivors annuity shall not be payable upon the death of a person who has received this refund, unless prior to that death the amount of the refund has been repaid to the System, together with regular interest from the date of the refund to the date of repayment.

(d) Any member who has service credit in any position for which an alternative retirement annuity is provided and in relation to which an increase in the rate of employee contribution is required, shall be entitled to a refund, without interest, of that part of the member's employee contribution which results from that increase in the employee rate if the member does not qualify for that alternative retirement annuity at the time of retirement.

(Source: P.A. 93-839, eff. 7-30-04.)

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