

101ST GENERAL ASSEMBLY State of Illinois 2019 and 2020 HB2910

by Rep. Robert Martwick

SYNOPSIS AS INTRODUCED:

See Index

Amends the State Universities and Downstate Teacher Articles of the Illinois Pension Code. Provides that a Tier 1 member who is at least 55 years of age and meets other specified requirements may elect to receive an age enhancement and additional creditable service in an amount equal to the applicable minimum age for an undiscounted retirement annuity (based on the amount of creditable service the member has on the effective date of the election) minus the member's actual age on the effective date of the election and additional creditable service equal to the amount of the age enhancement. Provides that the amount of the age enhancement and creditable service granted may not exceed 5 years. Provides that a member who elects the age enhancement and additional creditable service shall have any automatic annual increase in his or her retirement annuity and survivor's annuity payable to his or her beneficiary calculated at 3% or the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u, whichever is less, of the originally granted annuity. Provides that any benefit increase that results from the amendatory Act is excluded from the definition of "new benefit increase". Makes conforming changes. Effective immediately.

LRB101 08042 RPS 53104 b

FISCAL NOTE ACT MAY APPLY PENSION IMPACT NOTE ACT MAY APPLY

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1 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 Sections 15-136, 15-136.4, 15-145, 15-185.5, 15-185.6, 15-198, 16-133.1, 16-143.1, 16-190.5, 16-190.6, and 16-203 and by adding Sections 15-136.5 and 16-133.6 as follows:
- 8 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)
- 9 (Text of Section WITHOUT the changes made by P.A. 98-599, 10 which has been held unconstitutional)
- Sec. 15-136. Retirement annuities Amount. The provisions of this Section 15-136 apply only to those participants who are participating in the traditional benefit package or the portable benefit package and do not apply to participants who are participating in the self-managed plan.
 - (a) The amount of a participant's retirement annuity, expressed in the form of a single-life annuity, shall be determined by whichever of the following rules is applicable and provides the largest annuity:
- 20 Rule 1: The retirement annuity shall be 1.67% of final rate 21 of earnings for each of the first 10 years of service, 1.90% 22 for each of the next 10 years of service, 2.10% for each year 23 of service in excess of 20 but not exceeding 30, and 2.30% for

- each year in excess of 30; or for persons who retire on or
- 2 after January 1, 1998, 2.2% of the final rate of earnings for
- 3 each year of service.
- 4 Rule 2: The retirement annuity shall be the sum of the
- 5 following, determined from amounts credited to the participant
- 6 in accordance with the actuarial tables and the effective rate
- 7 of interest in effect at the time the retirement annuity
- 8 begins:

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- 9 (i) the normal annuity which can be provided on an actuarially equivalent basis, by the accumulated normal contributions as of the date the annuity begins;
 - (ii) an annuity from employer contributions of an amount equal to that which can be provided on an actuarially equivalent basis from the accumulated normal contributions made by the participant under Section 15-113.6 and Section 15-113.7 plus 1.4 times all other accumulated normal contributions made by the participant; and
 - (iii) the annuity that can be provided on an actuarially equivalent basis from the entire contribution made by the participant under Section 15-113.3.
 - With respect to a police officer or firefighter who retires on or after August 14, 1998, the accumulated normal contributions taken into account under clauses (i) and (ii) of this Rule 2 shall include the additional normal contributions made by the police officer or firefighter under Section

1 15-157(a).

The amount of a retirement annuity calculated under this Rule 2 shall be computed solely on the basis of the participant's accumulated normal contributions, as specified in this Rule and defined in Section 15-116. Neither an employee or employer contribution for early retirement under Section 15-136.2 nor any other employer contribution shall be used in the calculation of the amount of a retirement annuity under this Rule 2.

This amendatory Act of the 91st General Assembly is a clarification of existing law and applies to every participant and annuitant without regard to whether status as an employee terminates before the effective date of this amendatory Act.

This Rule 2 does not apply to a person who first becomes an employee under this Article on or after July 1, 2005.

Rule 3: The retirement annuity of a participant who is employed at least one-half time during the period on which his or her final rate of earnings is based, shall be equal to the participant's years of service not to exceed 30, multiplied by (1) \$96 if the participant's final rate of earnings is less than \$3,500, (2) \$108 if the final rate of earnings is at least \$3,500 but less than \$4,500, (3) \$120 if the final rate of earnings is at least \$4,500 but less than \$5,500, (4) \$132 if the final rate of earnings is at least \$6,500, (5) \$144 if the final rate of earnings is at least \$6,500 but less than \$7,500, (6) \$156 if the final rate of

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earnings is at least \$7,500 but less than \$8,500, (7) \$168 if the final rate of earnings is at least \$8,500 but less than \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or more, except that the annuity for those persons having made an election under Section 15-154(a-1) shall be calculated and payable under the portable retirement benefit program pursuant to the provisions of Section 15-136.4.

Rule 4: A participant who is at least age 50 and has 25 or more years of service as a police officer or firefighter, and a participant who is age 55 or over and has at least 20 but less than 25 years of service as a police officer or firefighter, shall be entitled to a retirement annuity of 2 1/4% of the final rate of earnings for each of the first 10 years of service as a police officer or firefighter, 2 1/2% for each of the next 10 years of service as a police officer or firefighter, and 2 3/4% for each year of service as a police officer or firefighter in excess of 20. The retirement annuity for all other service shall be computed under Rule 1. A Tier 2 member is eligible for a retirement annuity calculated under Rule 4 only if that Tier 2 member meets the service requirements for that benefit calculation as prescribed under this Rule 4 in addition to the applicable age requirement under subsection (a-5) of Section 15-135.

24 For purposes of this Rule 4, a participant's service as a 25 firefighter shall also include the following:

(i) service that is performed while the person is an

employee under subsection (h) of Section 15-107; and

- (ii) in the case of an individual who was a participating employee employed in the fire department of the University of Illinois's Champaign-Urbana campus immediately prior to the elimination of that fire department and who immediately after the elimination of that fire department transferred to another job with the University of Illinois, service performed as an employee of the University of Illinois in a position other than police officer or firefighter, from the date of that transfer until the employee's next termination of service with the University of Illinois.
- (b) For a Tier 1 member, the retirement annuity provided under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each month the participant is under age 60 at the time of retirement. However, this reduction shall not apply in the following cases:
 - (1) For a disabled participant whose disability benefits have been discontinued because he or she has exhausted eligibility for disability benefits under clause (6) of Section 15-152;
 - (2) For a participant who has at least the number of years of service required to retire at any age under subsection (a) of Section 15-135; or
 - (3) For that portion of a retirement annuity which has been provided on account of service of the participant

- during periods when he or she performed the duties of a police officer or firefighter, if these duties were performed for at least 5 years immediately preceding the date the retirement annuity is to begin.
 - (b-5) The retirement annuity of a Tier 2 member who is retiring after attaining age 62 with at least 10 years of service credit shall be reduced by 1/2 of 1% for each full month that the member's age is under age 67.
 - (c) The maximum retirement annuity provided under Rules 1, 2, 4, and 5 shall be the lesser of (1) the annual limit of benefits as specified in Section 415 of the Internal Revenue Code of 1986, as such Section may be amended from time to time and as such benefit limits shall be adjusted by the Commissioner of Internal Revenue, and (2) 80% of final rate of earnings.
 - (d) A Tier 1 member whose status as an employee terminates after August 14, 1969 shall receive automatic increases in his or her retirement annuity as follows:
 - Effective January 1 immediately following the date the retirement annuity begins, the annuitant shall receive an increase in his or her monthly retirement annuity of 0.125% of the monthly retirement annuity provided under Rule 1, Rule 2, Rule 3, or Rule 4 contained in this Section, multiplied by the number of full months which elapsed from the date the retirement annuity payments began to January 1, 1972, plus 0.1667% of such annuity, multiplied by the number of full

months which elapsed from January 1, 1972, or the date the retirement annuity payments began, whichever is later, to January 1, 1978, plus 0.25% of such annuity multiplied by the number of full months which elapsed from January 1, 1978, or the date the retirement annuity payments began, whichever is later, to the effective date of the increase.

The annuitant shall receive an increase in his or her monthly retirement annuity on each January 1 thereafter during the annuitant's life of 3% of the monthly annuity provided under Rule 1, Rule 2, Rule 3, or Rule 4 contained in this Section. The change made under this subsection by P.A. 81-970 is effective January 1, 1980 and applies to each annuitant whose status as an employee terminates before or after that date.

Beginning January 1, 1990, all automatic annual increases payable under this Section shall be calculated as a percentage of the total annuity payable at the time of the increase, including all increases previously granted under this Article.

The change made in this subsection by P.A. 85-1008 is effective January 26, 1988, and is applicable without regard to whether status as an employee terminated before that date.

(d-1) Notwithstanding any other provision of this Article to the contrary, the automatic annual increase in retirement annuity for a Tier 1 member who elects the early retirement incentive under Section 15-136.5 shall be calculated at 3% or the annual unadjusted percentage increase (but not less than

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- zero) in the consumer price index-u for the 12 months ending
 with the September preceding each November 1, whichever is
 less, of the originally granted retirement annuity. If the
 annual unadjusted percentage change in the consumer price
 index-u for the 12 months ending with the September preceding
 each November 1 is zero or there is a decrease, then the
 annuity shall not be increased.
 - (d-5) A retirement annuity of a Tier 2 member shall receive annual increases on the January 1 occurring either on or after the attainment of age 67 or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 3% or one half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. Ιf the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.
 - (e) If, on January 1, 1987, or the date the retirement annuity payment period begins, whichever is later, the sum of the retirement annuity provided under Rule 1 or Rule 2 of this Section and the automatic annual increases provided under the preceding subsection or Section 15-136.1, amounts to less than the retirement annuity which would be provided by Rule 3, the

retirement annuity shall be increased as of January 1, 1987, or the date the retirement annuity payment period begins, whichever is later, to the amount which would be provided by Rule 3 of this Section. Such increased amount shall be considered as the retirement annuity in determining benefits provided under other Sections of this Article. This paragraph applies without regard to whether status as an employee terminated before the effective date of this amendatory Act of 1987, provided that the annuitant was employed at least one-half time during the period on which the final rate of earnings was based.

- (f) A participant is entitled to such additional annuity as may be provided on an actuarially equivalent basis, by any accumulated additional contributions to his or her credit. However, the additional contributions made by the participant toward the automatic increases in annuity provided under this Section shall not be taken into account in determining the amount of such additional annuity.
- (g) If, (1) by law, a function of a governmental unit, as defined by Section 20-107 of this Code, is transferred in whole or in part to an employer, and (2) a participant transfers employment from such governmental unit to such employer within 6 months after the transfer of the function, and (3) the sum of (A) the annuity payable to the participant under Rule 1, 2, or 3 of this Section (B) all proportional annuities payable to the participant by all other retirement systems covered by Article

- 1 20, and (C) the initial primary insurance amount to which the
- 2 participant is entitled under the Social Security Act, is less
- 3 than the retirement annuity which would have been payable if
- 4 all of the participant's pension credits validated under
- 5 Section 20-109 had been validated under this system, a
- 6 supplemental annuity equal to the difference in such amounts
- 7 shall be payable to the participant.
- 8 (h) On January 1, 1981, an annuitant who was receiving a
- 9 retirement annuity on or before January 1, 1971 shall have his
- or her retirement annuity then being paid increased \$1 per
- 11 month for each year of creditable service. On January 1, 1982,
- 12 an annuitant whose retirement annuity began on or before
- January 1, 1977, shall have his or her retirement annuity then
- 14 being paid increased \$1 per month for each year of creditable
- 15 service.
- 16 (i) On January 1, 1987, any annuitant whose retirement
- annuity began on or before January 1, 1977, shall have the
- monthly retirement annuity increased by an amount equal to 8¢
- 19 per year of creditable service times the number of years that
- 20 have elapsed since the annuity began.
- 21 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;
- 22 98-92, eff. 7-16-13.)
- 23 (40 ILCS 5/15-136.4)
- Sec. 15-136.4. Retirement and Survivor Benefits Under
- 25 Portable Benefit Package.

- (a) This Section 15-136.4 describes the form of annuity and survivor benefits available to a participant who has elected the portable benefit package and has completed the one-year waiting period required under subsection (e) of Section 15-134.5. For purposes of this Section, the term "eligible spouse" means the husband or wife of a participant to whom the participant is married on the date the participant's annuity payment period begins, provided however, that if the participant should die prior to the commencement of retirement annuity benefits, then "eligible spouse" means the husband or wife, if any, to whom the participant was married throughout the one-year period preceding the date of his or her death.
- (b) This subsection (b) describes the normal form of annuity payable to a participant subject to this Section 15-136.4. If the participant is unmarried on the date his or her annuity payment period begins, then the annuity payments shall be made in the form of a single-life annuity as described in Section 15-118. If the participant is married on the date his or her annuity payments commence, then the annuity payments shall be paid in the form of a qualified joint and survivor annuity that is the actuarial equivalent of the single-life annuity. Under the "qualified joint and survivor annuity", a reduced amount shall be paid to the participant for his or her lifetime and his or her eligible spouse, if surviving at the participant's death, shall be entitled to receive thereafter a lifetime survivorship annuity in a monthly amount equal to 50%

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- of the reduced monthly amount that was payable to the participant. The last payment of a qualified joint and survivor annuity shall be made as of the first day of the month in which the death of the survivor occurs.
 - (c) Instead of the normal form of annuity that would be paid under subsection (b), a participant may elect in writing within the 180-day period prior to the date his or her annuity payments commence to waive the normal form of annuity payment and receive an optional form of payment as described in subsection (h). If the participant is married and elects an optional form of payment under subsection (h) other than a joint and survivor annuity with the eligible spouse designated as the contingent annuitant, then such election shall require the consent of his or her eligible spouse in the manner described in subsection (d). At any time during the 180-day period preceding the date the participant's payment period begins, the participant may revoke the optional form of payment elected under this subsection (c) and reinstate coverage under the qualified joint and survivor annuity without the spouse's consent, but an election to revoke the optional form elected and elect a new optional form of payment or designate a different contingent annuitant shall not be effective without the eligible spouse's consent.
 - (d) The eligible spouse's consent to any election made pursuant to this Section that requires the eligible spouse's consent shall be in writing and shall acknowledge the effect of

the consent. In addition, the eligible spouse's signature on the written consent must be witnessed by a notary public. The eligible spouse's consent need not be obtained if the system is satisfied that there is no eligible spouse, that the eligible spouse cannot be located, or because of any other relevant circumstances. An eligible spouse's consent under this Section is valid only with respect to the specified optional form of payment and, if applicable, contingent annuitant designated by the participant. If the optional form of payment or the contingent annuitant is subsequently changed (other than by a revocation of the optional form of payment and reinstatement of the qualified joint and survivor annuity), a new consent by the eligible spouse is required. The eligible spouse's consent to an election made by a participant pursuant to this Section, once made, may not be revoked by the eligible spouse.

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

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1 subsection (h).

(f) If a married participant with at least 1.5 years of service dies prior to commencing retirement annuity payments and prior to taking a refund under Section 15-154, his or her eligible spouse is entitled to receive a pre-retirement survivor annuity, if there is not then in effect a waiver of the pre-retirement survivor annuity. The pre-retirement survivor annuity payable under this subsection shall be a monthly annuity payable for the eligible spouse's life, commencing as of the beginning of the month next following the later of the date of the participant's death or the date the participant would have first met the eligibility requirements for retirement, and continuing through the beginning of the month in which the death of the eligible spouse occurs. The monthly amount payable to the spouse under the pre-retirement survivor annuity shall be equal to the monthly amount that would be payable as a survivor annuity under the qualified joint and survivor annuity described in subsection (b) if: (1) in the case of a participant who dies on or after the date on which the participant has met the eligibility requirements for retirement, the participant had retired with an immediate qualified joint and survivor annuity on the day before the participant's date of death; or (2) in the case of a participant who dies before the earliest date on which the participant would have met the eligibility requirements for retirement age, the participant had separated from service on

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- the date of death, survived to the earliest retirement age based on service prior to his or her death, retired with an immediate qualified joint and survivor annuity at the earliest retirement age, and died on the day after the day on which the participant would have attained the earliest retirement age.
 - (q) A married participant who has not retired may elect at any time to waive the pre-retirement survivor annuity described in subsection (f). Any such election shall require the consent of the participant's eligible spouse in the manner described in subsection (d). A waiver of the pre-retirement survivor annuity shall increase the lump sum death benefit payable under subsection (b) of Section 15-141. Prior to electing any waiver of the pre-retirement survivor annuity, the participant shall be provided with a written explanation of (1) the terms and conditions of the pre-retirement survivor annuity and the death benefits payable from the system both with and without the pre-retirement survivor annuity, (2) the participant's right to elect a waiver of the pre-retirement survivor annuity coverage subject to his or her spouse's consent, and (3) the participant's right to reinstate pre-retirement survivor annuity coverage at any time by revoking a prior waiver of such coverage.
 - (h) By filing a timely election with the system, a participant who will be eligible to receive a retirement annuity under this Section may waive the normal form of annuity payment described in subsection (b), subject to obtaining the

consent of his or her eligible spouse, if applicable, and elect to receive any one of the following optional forms of payment:

- (1) Joint and Survivor Annuity Options: The participant may elect to receive a reduced annuity payable for his or her life and to have a lifetime survivorship annuity in a monthly amount equal to 50%, 75%, or 100% (as elected by the participant) of that reduced monthly amount, to be paid after the participant's death to his or her contingent annuitant, if the contingent annuitant is alive at the time of the participant's death.
- (2) Single-Life Annuity Option (optional for married participants). The participant may elect to receive a single-life annuity payable for his or her life only.
- (3) Lump sum retirement benefit. The participant may elect to receive a lump sum retirement benefit that is equal to the amount of a refund payable under Section $15-154\,(a-2)$.
- All joint and survivor annuity forms shall be in an amount that is the actuarial equivalent of the single-life annuity.
 - For the purposes of this Section, the term "contingent annuitant" means the beneficiary who is designated by a participant at the time the participant elects a joint and survivor annuity to receive the lifetime survivorship annuity in the event the beneficiary survives the participant at the participant's death.
 - (i) Under no circumstances may an option be elected,

- changed, or revoked after the date the participant's retirement annuity commences.
- 3 (j) An election made pursuant to subsection (h) shall 4 become inoperative if the participant or the contingent 5 annuitant dies before the date the participant's annuity 6 payments commence, or if the eligible spouse's consent is 7 required and not given.
- 8 (k) (Blank).
- 9 (1) The automatic annual increases described in subsection 10 (d) of Section 15-136 shall apply to retirement benefits under 11 the portable benefit package and the automatic annual increases 12 described in subsection (j) of Section 15-145 shall apply to survivor benefits under the portable benefit package; however, 13 14 for a Tier 1 member in the portable benefit package who elected the early retirement incentive under Section 15-136.5, the 15 16 automatic annual increases described in subsection (d-1) of 17 Section 15-136 shall apply to his or her retirement benefits under the portable benefit package and the automatic annual 18 19 increases described in subsection (j-5) of Section 15-145 shall apply to the survivor benefits under the portable benefit 20 21 package.
- 22 (Source: P.A. 96-586, eff. 8-18-09; 97-933, eff. 8-10-12;
- 23 97-968, eff. 8-16-12.)
- 24 (40 ILCS 5/15-136.5 new)
- Sec. 15-136.5. Early retirement incentive for certain Tier

<u>1 members.</u>

(a) This Section provides an age enhancement and additional service credit as an early retirement incentive for certain Tier 1 members who elect to have their automatic annual increase in retirement annuity determined in accordance with subsection (d-1) of Section 15-136 and any annual increase in survivor benefits payable to their beneficiaries determined in the manner provided in subsection (j-5) of Section 15-145. To be eliqible for the age enhancement and additional service credit, a person must:

- (1) be a Tier 1 member of this System who, on or after the effective date of this amendatory Act of the 101st General Assembly, is (i) participating in this System as a full-time employee, (ii) on layoff status from such a position with a right of re-employment or recall to service, or (iii) on disability or a leave of absence from such a position, but only if the member is not receiving a disability retirement annuity under Section 15-153.2;
 - (2) not be a participant in the self-managed plan;
- (3) have never previously received a retirement annuity under this Article, except that receipt of a disability retirement annuity does not disqualify a member if the annuity has been terminated and the member has returned to full-time employment under this Article before the effective date of his or her election under subsection (b);

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1	(4) not have a Qualified Illinois Domestic Relations
2	Order in effect against him or her;
3	(5) file with the Board and the employer a written
4	application electing to receive the age enhancement and
5	additional service credit under this Section and a notice
6	of resignation from employment, which resignation must
7	take effect no later than the effective date of that
8	election;
9	(6) have accrued sufficient service credit to be
10	eligible to receive a retirement annuity under this
11	Article;
12	(7) have attained age 55 (without the use of any age
13	enhancement to be received under this Section) at the time
14	of filing an application requesting an age enhancement
15	under this Section; and
16	(8) not have made the election under Section 15-185.5
17	<u>or 15-185.6.</u>
18	(b) For an eligible member who elects to receive the age
19	enhancement and additional service credit under this Section,
20	the amount of age enhancement shall be equal to the applicable
21	minimum age for an undiscounted retirement annuity (based on
22	the amount of creditable service the member has on the
23	effective date of the election) minus the member's actual age
24	on the effective date of the election. The amount of service

credit established shall be equal to the amount of the age

enhancement granted. The amount of service credit under this

Section shall not exceed 5 years, and the amount of age
enhancement under this Section shall not exceed 5 years.

The service credit established under this Section may be used for all purposes under this Article and the Retirement Systems Reciprocal Act, except for the computation of final rate of earnings, or the determination of earnings or compensation under this or any other Article of the Code.

The age enhancement established under this Section may be used for all purposes under this Article (including calculation of a proportionate annuity payable by this System under the Retirement Systems Reciprocal Act), except for purposes of a reversionary annuity under Section 15-140 and the retirement annuity under Rule 2 of Section 15-136. Age enhancement established under this Section shall not be used in determining benefits payable by any other participating system under the Retirement Systems Reciprocal Act.

- (c) Notwithstanding Sections 15-136, 15-136.4, and 15-145, in exchange for the age enhancement and additional service credit under this Section, a member who elects the age enhancement and service credit under this Section agrees to have his or her annual increases in retirement annuity determined in the manner provided in subsection (d-1) of Section 15-136 and any increase in survivor benefits payable to his or her beneficiary determined in the manner provided in subsection (j-5) of Section 15-145.
 - (d) An employer may offer additional incentives to induce a

- 1 member to elect the age enhancement and additional service
- 2 credit under this Section. However, any such incentive shall
- 3 not be included in the determination of earnings for the
- 4 purposes of this Article.
- 5 (e) A person who returns to service under this Article
- 6 after receiving any age enhancement or service credit under
- 7 this Section thereby irrevocably forfeits that age enhancement
- 8 and service credit and remains ineligible for any other early
- 9 <u>retirement benefit under this Article.</u>
- 10 (f) The Board may adopt rules to implement this Section.
- 11 (40 ILCS 5/15-145) (from Ch. 108 1/2, par. 15-145)
- 12 Sec. 15-145. Survivors insurance benefits; conditions and
- amounts.
- 14 (a) The survivors insurance benefits provided under this
- 15 Section shall be payable to the eligible survivors of a Tier 1
- 16 member covered under the traditional benefit package upon the
- 17 death of (1) a participating employee with at least 1 1/2 years
- 18 of service, (2) a participant who terminated employment with at
- 19 least 10 years of service, and (3) an annuitant in receipt of a
- 20 retirement annuity or disability retirement annuity under this
- 21 Article.
- 22 Service under the State Employees' Retirement System of
- 23 Illinois, the Teachers' Retirement System of the State of
- 24 Illinois and the Public School Teachers' Pension and Retirement
- 25 Fund of Chicago shall be considered in determining eligibility

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for survivors benefits under this Section.

If by law, a function of a governmental unit, as defined by Section 20-107, is transferred in whole or in part to an employer, and an employee transfers employment from this governmental unit to such employer within 6 months after the transfer of this function, the service credits in the governmental unit's retirement system which have been validated under Section 20-109 shall be considered in determining eligibility for survivors benefits under this Section.

(b) A surviving spouse of a deceased participant, or of a deceased annuitant who did not take a refund or additional annuity consisting of accumulated survivors insurance contributions or who repaid the refund or additional annuity, shall receive a survivors annuity of 30% of the final rate of earnings. Payments shall begin on the day following the participant's or annuitant's death or the date the surviving spouse attains age 50, whichever is later, and continue until the death of the surviving spouse. The annuity shall be payable to the surviving spouse prior to attainment of age 50 if the surviving spouse has in his or her care a deceased participant's or annuitant's dependent unmarried child under age 18 (under age 22 if a full-time student) who is eligible for a survivors annuity.

Remarriage of a surviving spouse prior to attainment of age 55 that occurs before the effective date of this amendatory Act

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of the 91st General Assembly shall disqualify him or her for the receipt of a survivors annuity until July 6, 2000.

A surviving spouse whose survivors annuity has been terminated due to remarriage may apply for reinstatement of that annuity. The reinstated annuity shall begin to accrue on July 6, 2000, except that if, on July 6, 2000, the annuity is payable to an eligible surviving child or parent, payment of the annuity to the surviving spouse shall not be reinstated until the annuity is no longer payable to any eligible surviving child or parent. The reinstated annuity shall include any one-time or annual increases received prior to the date of termination, as well as any increases that would otherwise have accrued from the date of termination to the reinstatement. An eligible surviving spouse whose expectation of receiving a survivors annuity was lost due to remarriage before attainment of age 50 shall also be entitled to reinstatement under this subsection, but the resulting survivors annuity shall not begin to accrue sooner than upon the surviving spouse's attainment of age 50.

The changes made to this subsection by this amendatory Act of the 92nd General Assembly (pertaining to remarriage prior to age 55 or 50) apply without regard to whether the deceased participant or annuitant was in service on or after the effective date of this amendatory Act.

(c) Each dependent unmarried child under age 18 (under age 22 if a full-time student) of a deceased participant, or of a

deceased annuitant who did not take a refund or additional annuity consisting of accumulated survivors insurance contributions or who repaid the refund or additional annuity, shall receive a survivors annuity equal to the sum of (1) 20% of the final rate of earnings, and (2) 10% of the final rate of earnings divided by the number of children entitled to this benefit. Payments shall begin on the day following the participant's or annuitant's death and continue until the child marries, dies, or attains age 18 (age 22 if a full-time student). If the child is in the care of a surviving spouse who is eligible for survivors insurance benefits, the child's benefit shall be paid to the surviving spouse.

Each unmarried child over age 18 of a deceased participant or of a deceased annuitant who had a survivor's insurance beneficiary at the time of his or her retirement, and who was dependent upon the participant or annuitant by reason of a physical or mental disability which began prior to the date the child attained age 18 (age 22 if a full-time student), shall receive a survivor's annuity equal to the sum of (1) 20% of the final rate of earnings, and (2) 10% of the final rate of earnings divided by the number of children entitled to survivors benefits. Payments shall begin on the day following the participant's or annuitant's death and continue until the child marries, dies, or is no longer disabled. If the child is in the care of a surviving spouse who is eligible for survivors insurance benefits, the child's benefit may be paid to the

- surviving spouse. For the purposes of this Section, disability
 means inability to engage in any substantial gainful activity
 by reason of any medically determinable physical or mental
 impairment that can be expected to result in death or that has
 lasted or can be expected to last for a continuous period of at
 least one year.
 - (d) Each dependent parent of a deceased participant, or of a deceased annuitant who did not take a refund or additional annuity consisting of accumulated survivors insurance contributions or who repaid the refund or additional annuity, shall receive a survivors annuity equal to the sum of (1) 20% of final rate of earnings, and (2) 10% of final rate of earnings divided by the number of parents who qualify for the benefit. Payments shall begin when the parent reaches age 55 or the day following the participant's or annuitant's death, whichever is later, and continue until the parent dies. Remarriage of a parent prior to attainment of age 55 shall disqualify the parent for the receipt of a survivors annuity.
 - (e) In addition to the survivors annuity provided above, each survivors insurance beneficiary shall, upon death of the participant or annuitant, receive a lump sum payment of \$1,000 divided by the number of such beneficiaries.
 - (f) The changes made in this Section by Public Act 81-712 pertaining to survivors annuities in cases of remarriage prior to age 55 shall apply to each survivors insurance beneficiary who remarries after June 30, 1979, regardless of the date that

1 the participant or annuitant terminated his employment or died.

The change made to this Section by this amendatory Act of the 91st General Assembly, pertaining to remarriage prior to age 55, applies without regard to whether the deceased participant or annuitant was in service on or after the effective date of this amendatory Act of the 91st General Assembly.

- (g) On January 1, 1981, any person who was receiving a survivors annuity on or before January 1, 1971 shall have the survivors annuity then being paid increased by 1% for each full year which has elapsed from the date the annuity began. On January 1, 1982, any survivor whose annuity began after January 1, 1971, but before January 1, 1981, shall have the survivor's annuity then being paid increased by 1% for each year which has elapsed from the date the survivor's annuity began. On January 1, 1987, any survivor who began receiving a survivor's annuity on or before January 1, 1977, shall have the monthly survivor's annuity increased by \$1 for each full year which has elapsed since the date the survivor's annuity began.
- (h) If the sum of the lump sum and total monthly survivor benefits payable under this Section upon the death of a participant amounts to less than the sum of the death benefits payable under items (2) and (3) of Section 15-141, the difference shall be paid in a lump sum to the beneficiary of the participant who is living on the date that this additional amount becomes payable.

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- (i) If the sum of the lump sum and total monthly survivor benefits payable under this Section upon the death of an annuitant receiving a retirement annuity or disability retirement annuity amounts to less than the death benefit payable under Section 15-142, the difference shall be paid to the beneficiary of the annuitant who is living on the date that this additional amount becomes payable.
- (j) Effective on the later of (1) January 1, 1990, or (2) the January 1 on or next after the date on which the survivor annuity begins, if the deceased member died while receiving a retirement annuity, or in all other cases the January 1 nearest the first anniversary of the date the survivor annuity payments begin, every survivors insurance beneficiary shall receive an increase in his or her monthly survivors annuity of 3%. On each January 1 after the initial increase, the monthly survivors annuity shall be increased by 3% of the total survivors annuity provided under this Article, including previous increases provided by this subsection. Such increases shall apply to the survivors insurance beneficiaries of each participant and annuitant, whether or not the employment status of the participant or annuitant terminates before the effective date of this amendatory Act of 1990. This subsection (j) also applies to persons receiving a survivor annuity under the portable benefit package.
- (j-5) Notwithstanding any other provision of this Article to the contrary, the automatic annual increase in the survivors

- annuity for the survivor of a deceased Tier 1 member who elected the early retirement incentive under Section 15-136.5 shall be calculated at 3% or the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.
 - (k) If the Internal Revenue Code of 1986, as amended, requires that the survivors benefits be payable at an age earlier than that specified in this Section the benefits shall begin at the earlier age, in which event, the survivor's beneficiary shall be entitled only to that amount which is equal to the actuarial equivalent of the benefits provided by this Section.
 - (1) The changes made to this Section and Section 15-131 by this amendatory Act of 1997, relating to benefits for certain unmarried children who are full-time students under age 22, apply without regard to whether the deceased member was in service on or after the effective date of this amendatory Act of 1997. These changes do not authorize the repayment of a refund or a re-election of benefits, and any benefit or increase in benefits resulting from these changes is not payable retroactively for any period before the effective date

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- of this amendatory Act of 1997.
- 2 (Source: P.A. 98-92, eff. 7-16-13; 99-682, eff. 7-29-16.)
- 3 (40 ILCS 5/15-185.5)
- 4 Sec. 15-185.5. Accelerated pension benefit payment in lieu
- 5 of any pension benefit.
- 6 (a) As used in this Section:
- 7 "Eligible person" means a person who:
- 8 (1) has terminated service;
- 9 (2) has accrued sufficient service credit to be 10 eligible to receive a retirement annuity under this 11 Article;
- 12 (3) has not received any retirement annuity under this
 13 Article;
- 14 (4) has not made the election under Section $\underline{15-136.5}$ or $\underline{15-185.6}$; and
- 16 (5) is not a participant in the self-managed plan under
 17 Section 15-158.2.
 - "Implementation date" means the earliest date upon which the Board authorizes eligible persons to begin irrevocably electing the accelerated pension benefit payment option under this Section. The Board shall endeavor to make such participation available as soon as possible after the effective date of this amendatory Act of the 100th General Assembly and shall establish an implementation date by Board resolution.
- 25 "Pension benefit" means the benefits under this Article, or

- 1 Article 1 as it relates to those benefits, including any
- 2 anticipated annual increases, that an eligible person is
- 3 entitled to upon attainment of the applicable retirement age.
- 4 "Pension benefit" also includes applicable survivors benefits,
- 5 disability benefits, or disability retirement annuity
- 6 benefits.

(b) Beginning on the implementation date, the System shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the System to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The System shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person upon his or her request in writing to the System. The System shall not perform more than one calculation per eligible member in a State fiscal year. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. The System shall make a good faith effort to contact every eligible person to notify him or her of the election.

Beginning on the implementation date and until June 30, 2021, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the System offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive an accelerated

- pension benefit payment under this Section may not elect to proceed under the Retirement Systems Reciprocal Act with respect to service under this Article.
 - (c) Upon payment of an accelerated pension benefit payment under this Section, the person forfeits all accrued rights and credits in the System and no other benefit shall be paid under this Article based on those forfeited rights and credits, including any retirement, survivor, or other benefit; except that to the extent that participation, benefits, or premiums under the State Employees Group Insurance Act of 1971 are based on the amount of service credit, the terminated service credit shall be used for that purpose.
 - (d) If a person who has received an accelerated pension benefit payment under this Section returns to participation under this Article, any benefits under the System earned as a result of that return to participation shall be based solely on the person's credits and creditable service arising from the return to participation. Upon return to participation, the person shall be considered a new employee subject to all the qualifying conditions for participation and eligibility for benefits applicable to new employees.
 - (d-5) The accelerated pension benefit payment may not be repaid to the System, and the forfeited rights and credits may not under any circumstances be reinstated.
 - (e) As a condition of receiving an accelerated pension benefit payment, the accelerated pension benefit payment must

- be deposited into a tax qualified retirement plan or account 1
- identified by the eligible person at the time of the election. 2
- 3 The accelerated pension benefit payment under this Section may
- be subject to withholding or payment of applicable taxes, but
- 5 to the extent permitted by federal law, a person who receives
- an accelerated pension benefit payment under this Section must 6
- direct the System to pay all of that payment as a rollover into 7
- 8 another retirement plan or account qualified under the Internal
- 9 Revenue Code of 1986, as amended.
- The System shall submit vouchers to the 10 (f)
- 11 Comptroller for the payment of accelerated pension benefit
- 12 payments under this Section. The State Comptroller shall pay
- 13 the amounts of the vouchers from the State Pension Obligation
- 14 Acceleration Bond Fund to the System, and the System shall
- 15 deposit the amounts into the applicable tax qualified plans or
- 16 accounts.
- 17 (g) The Board shall adopt any rules, including emergency
- rules, necessary to implement this Section. 18
- 19 (h) No provision of this Section shall be interpreted in a
- 20 way that would cause the System to cease to be a qualified plan
- under the Internal Revenue Code of 1986. 21
- (Source: P.A. 100-587, eff. 6-4-18.) 22
- 23 (40 ILCS 5/15-185.6)
- 24 Sec. 15-185.6. Accelerated pension benefit payment for a
- 25 reduction in an annual increase to a retirement annuity and an

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- 1 annuity benefit payable as a result of death.
 - (a) As used in this Section:

"Accelerated pension benefit payment" means a lump sum 3 payment equal to 70% of the difference of: (i) the present 4 5 value of the automatic annual increases to a Tier 1 member's retirement annuity, including any increases to any annuity 6 7 benefit payable as a result of his or her death, using the formula applicable to the Tier 1 member; and (ii) the present 8 9 value of the automatic annual increases to the Tier 1 member's 10 retirement annuity, including any increases to any annuity 11 benefit payable as a result of his or her death, using the 12 formula provided under subsection (b-5).

- "Eligible person" means a person who:
- 14 (1) is a Tier 1 member;
- 15 (2) has submitted an application for a retirement 16 annuity under this Article;
 - (3) meets the age and service requirements for receiving a retirement annuity under this Article;
 - (4) has not received any retirement annuity under this Article;
- 21 (5) has not made the election under Section <u>15-136.5 or</u> 22 15-185.5; and
- 23 (6) is not a participant in the self-managed plan under 24 Section 15-158.2.
- "Implementation date" means the earliest date upon which the Board authorizes eligible persons to begin irrevocably

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- electing the accelerated pension benefit payment option under this Section. The Board shall endeavor to make such participation available as soon as possible after the effective date of this amendatory Act of the 100th General Assembly and shall establish an implementation date by Board resolution.
 - (b) Beginning on the implementation date and until June 30, 2021, the System shall implement an accelerated pension benefit payment option for eligible persons. The System calculate, using actuarial tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount for an eligible person upon his or her request in writing to the System and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement annuity and any annuity benefit payable as a result of his or her death calculated in accordance with the formula provided in subsection (b-5) in exchange for the accelerated pension benefit payment. The System shall not perform more than one calculation under this Section per eligible person in a State fiscal year. election under this subsection must be made before retirement annuity is paid to the eligible person, and the eligible survivor, spouse, or contingent annuitant, applicable, must consent to the election under this subsection.
 - (b-5) Notwithstanding any other provision of law, the retirement annuity of a person who made the election under subsection (b) shall be increased annually beginning on the

- January 1 occurring either on or after the attainment of age 67 or the first anniversary of the annuity start date, whichever is later, and any annuity benefit payable as a result of his or her death shall be increased annually beginning on: (1) the January 1 occurring on or after the commencement of the annuity if the deceased Tier 1 member died while receiving a retirement annuity; or (2) the January 1 occurring after the first anniversary of the commencement of the benefit. Each annual increase shall be calculated at 1.5% of the originally granted retirement annuity or annuity benefit payable as a result of the Tier 1 member's death.
 - (c) If an annuitant who has received an accelerated pension benefit payment returns to participation under this Article, the calculation of any future automatic annual increase in retirement annuity under subsection (c) of Section 15-139 shall be calculated in accordance with the formula provided in subsection (b-5).
 - (c-5) The accelerated pension benefit payment may not be repaid to the System.
 - (d) As a condition of receiving an accelerated pension benefit payment, the accelerated pension benefit payment must be deposited into a tax qualified retirement plan or account identified by the eligible person at the time of election. The accelerated pension benefit payment under this Section may be subject to withholding or payment of applicable taxes, but to the extent permitted by federal law, a person who receives an

- 1 accelerated pension benefit payment under this Section must
- direct the System to pay all of that payment as a rollover into
- 3 another retirement plan or account qualified under the Internal
- 4 Revenue Code of 1986, as amended.
- 5 (d-5) The System shall submit vouchers to the State
- 6 Comptroller for the payment of accelerated pension benefit
- 7 payments under this Section. The State Comptroller shall pay
- 8 the amounts of the vouchers from the State Pension Obligation
- 9 Acceleration Bond Fund to the System, and the System shall
- deposit the amounts into the applicable tax qualified plans or
- 11 accounts.
- 12 (e) The Board shall adopt any rules, including emergency
- 13 rules, necessary to implement this Section.
- 14 (f) No provision of this Section shall be interpreted in a
- way that would cause the System to cease to be a qualified plan
- under the Internal Revenue Code of 1986.
- 17 (Source: P.A. 100-587, eff. 6-4-18.)
- 18 (40 ILCS 5/15-198)
- 19 Sec. 15-198. Application and expiration of new benefit
- 20 increases.
- 21 (a) As used in this Section, "new benefit increase" means
- 22 an increase in the amount of any benefit provided under this
- 23 Article, or an expansion of the conditions of eligibility for
- 24 any benefit under this Article, that results from an amendment
- 25 to this Code that takes effect after the effective date of this

- amendatory Act of the 94th General Assembly. "New benefit increase", however, does not include any benefit increase resulting from the changes made to Article 1 or this Article by Public Act 100-23, Public Act 100-587, Public Act 100-769, or this amendatory Act of the 101st General Assembly or this amendatory Act of the 100th General Assembly.
 - (b) Notwithstanding any other provision of this Code or any subsequent amendment to this Code, every new benefit increase is subject to this Section and shall be deemed to be granted only in conformance with and contingent upon compliance with the provisions of this Section.
 - (c) The Public Act enacting a new benefit increase must identify and provide for payment to the System of additional funding at least sufficient to fund the resulting annual increase in cost to the System as it accrues.

Every new benefit increase is contingent upon the General Assembly providing the additional funding required under this subsection. The Commission on Government Forecasting and Accountability shall analyze whether adequate additional funding has been provided for the new benefit increase and shall report its analysis to the Public Pension Division of the Department of Insurance. A new benefit increase created by a Public Act that does not include the additional funding required under this subsection is null and void. If the Public Pension Division determines that the additional funding provided for a new benefit increase under this subsection is or

- has become inadequate, it may so certify to the Governor and the State Comptroller and, in the absence of corrective action by the General Assembly, the new benefit increase shall expire
- 4 at the end of the fiscal year in which the certification is
- 5 made.
- 6 (d) Every new benefit increase shall expire 5 years after
- 7 its effective date or on such earlier date as may be specified
- 8 in the language enacting the new benefit increase or provided
- 9 under subsection (c). This does not prevent the General
- 10 Assembly from extending or re-creating a new benefit increase
- 11 by law.
- 12 (e) Except as otherwise provided in the language creating
- 13 the new benefit increase, a new benefit increase that expires
- 14 under this Section continues to apply to persons who applied
- and qualified for the affected benefit while the new benefit
- 16 increase was in effect and to the affected beneficiaries and
- 17 alternate payees of such persons, but does not apply to any
- 18 other person, including without limitation a person who
- 19 continues in service after the expiration date and did not
- 20 apply and qualify for the affected benefit while the new
- 21 benefit increase was in effect.
- 22 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
- 23 100-769, eff. 8-10-18; revised 9-26-18.)
- 24 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)
- 25 (Text of Section WITHOUT the changes made by P.A. 98-599,

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- which has been held unconstitutional)
- 2 Sec. 16-133.1. Automatic annual increase in annuity.
- 3 (a) Each member with creditable service and retiring on or 4 after August 26, 1969 is entitled to the automatic annual 5 increases in annuity provided under this Section while 6 receiving a retirement annuity or disability retirement 7 annuity from the system.

An annuitant shall first be entitled to an initial increase under this Section on the January 1 next following the first anniversary of retirement, or January 1 of the year next following attainment of age 61, whichever is later. At such time, the system shall pay an initial increase determined as follows:

- (1) 1.5% of the originally granted retirement annuity or disability retirement annuity multiplied by the number of years elapsed, if any, from the date of retirement until January 1, 1972, plus
- (2) 2% of the originally granted annuity multiplied by the number of years elapsed, if any, from the date of retirement or January 1, 1972, whichever is later, until January 1, 1978, plus
- (3) 3% of the originally granted annuity multiplied by the number of years elapsed from the date of retirement or January 1, 1978, whichever is later, until the effective date of the initial increase.
- 26 However, the initial annual increase calculated under this

Section for the recipient of a disability retirement annuity granted under Section 16-149.2 shall be reduced by an amount equal to the total of all increases in that annuity received under Section 16-149.5 (but not exceeding 100% of the amount of the initial increase otherwise provided under this Section).

Following the initial increase, automatic annual increases in annuity shall be payable on each January 1 thereafter during the lifetime of the annuitant, determined as a percentage of the originally granted retirement annuity or disability retirement annuity for increases granted prior to January 1, 1990, and calculated as a percentage of the total amount of annuity, including previous increases under this Section, for increases granted on or after January 1, 1990, as follows: 1.5% for periods prior to January 1, 1972, 2% for periods after December 31, 1971 and prior to January 1, 1978, and 3% for periods after December 31, 1977.

(a-5) Notwithstanding any other provision of this Article to the contrary, the automatic annual increase in annuity for a Tier 1 member who elects the early retirement incentive under Section 16-133.6 shall be calculated at 3% or the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November

1 1 is zero or there is a decrease, then the annuity shall not be
2 increased.

For the purposes of this subsection, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by November 1 of each year.

- (b) The automatic annual increases in annuity provided under this Section shall not be applicable unless a member has made contributions toward such increases for a period equivalent to one full year of creditable service. If a member contributes for service performed after August 26, 1969 but the member becomes an annuitant before such contributions amount to one full year's contributions based on the salary at the date of retirement, he or she may pay the necessary balance of the contributions to the system and be eligible for the automatic annual increases in annuity provided under this Section.
- 23 (c) Each member shall make contributions toward the cost of 24 the automatic annual increases in annuity as provided under 25 Section 16-152.
 - (d) An annuitant receiving a retirement annuity or

- disability retirement annuity on July 1, 1969, who subsequently re-enters service as a teacher is eligible for the automatic annual increases in annuity provided under this Section if he or she renders at least one year of creditable service following the latest re-entry.
- In addition to the automatic annual increases in 6 annuity provided under this Section, an annuitant who meets the 7 8 service requirements of this Section and whose retirement 9 annuity or disability retirement annuity began on or before 10 January 1, 1971 shall receive, on January 1, 1981, an increase 11 in the annuity then being paid of one dollar per month for each 12 year of creditable service. On January 1, 1982, an annuitant whose retirement annuity or disability retirement annuity 13 began on or before January 1, 1977 shall receive an increase in 14 15 the annuity then being paid of one dollar per month for each 16 year of creditable service.
- On January 1, 1987, any annuitant whose retirement annuity began on or before January 1, 1977, shall receive an increase in the monthly retirement annuity equal to 8¢ per year of creditable service times the number of years that have elapsed since the annuity began.
- 22 (Source: P.A. 91-927, eff. 12-14-00.)
- 23 (40 ILCS 5/16-133.6 new)
- Sec. 16-133.6. Early retirement incentive for certain Tier
- 25 1 members.

(a) This Section provides an age enhancement and additional
creditable service as an early retirement incentive for certain
Tier 1 members who elect to have their automatic annual
increase in retirement annuity determined in accordance with
subsection (a-5) of Section 16-133.1 and any annual increase in
a survivor's benefit payable to their beneficiaries determined
in the manner provided in subsection (a-5) of Section 16-143.1.
To be eligible for the age enhancement and additional
creditable service, a person must:
credicable service, a person must:

- (1) be a Tier 1 member of this System who, on or after the effective date of this amendatory Act of the 101st General Assembly, is (i) in active payroll status as a full-time teacher employed by an employer under this Article, (ii) on layoff status from such a position with a right of re-employment or recall to service, or (iii) on disability or a leave of absence from such a position, but only if the member is not receiving benefits under Section 16-149 or 16-149.1;
- (2) have never previously received a retirement annuity under this Article, except that receipt of a disability retirement annuity does not disqualify a member if the annuity has been terminated and the member has returned to full-time employment under this Article before the effective date of his or her election under subsection (b);
 - (3) not have a Qualified Illinois Domestic Relations

(4)	file	with	the Bo	ard a	and t	the	emplo	yer	a ·	writ	ten
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- (5) have accrued sufficient creditable service to be eligible to receive a retirement annuity under this Article;
- (6) have attained age 55 (without the use of any age enhancement to be received under this Section) at the time of filing an application requesting an age enhancement and additional creditable service under this Section;
- (7) not receive any other early retirement incentive under Section 16-133.2, 16-133.3, 16-133.4, or 16-133.5 of this Article; and
- 18 (8) not have made the election under Section 16-190.5

 19 or 16-190.6.
 - (b) For an eligible member who elects to receive the age enhancement and additional creditable service under this Section, the amount of age enhancement shall be equal to the applicable minimum age for an undiscounted retirement annuity (based on the amount of creditable service the member has on the effective date of the election) minus the member's actual age on the effective date of the election. The amount of

creditable service established shall be equal to the amount of

the age enhancement granted. The amount of creditable service

under this Section shall not exceed 5 years, and the amount of

age enhancement under this Section shall not exceed 5 years.

The creditable service established under this Section may be used for all purposes under this Article and the Retirement Systems Reciprocal Act, except for the computation of final average salary and the determination of salary or compensation under this or any other Article of the Code.

The age enhancement established under this Section may be used for all purposes under this Article (including calculation of a proportionate annuity payable by this System under the Retirement Systems Reciprocal Act), except for purposes of a reversionary annuity under Section 16-136, the retirement annuity under subdivision (a) (A) of Section 16-133, and the required distributions under Section 16-142.3. Age enhancement established under this Section shall not be used in determining benefits payable by any other participating system under the Retirement Systems Reciprocal Act.

(c) Notwithstanding Sections 16-133.1, 16-136.1, and 16-143.1, in exchange for the age enhancement and creditable service under this Section, a member who elects the age enhancement and creditable service under this Section agrees to have his or her annual increases in retirement annuity determined in the manner provided in subsection (a-5) of Section 16-133.1 and any annual increases in a survivor's

- benefit payable to his or her survivor's beneficiary determined

 in the manner provided in subsection (a-5) of Section 16-143.1.
 - (d) An employer may offer additional incentives to induce a member to elect the age enhancement and additional creditable service under this Section. However, any such incentive shall not be included in the determination of salary for the purposes of this Article.
 - (e) A person who returns to service under this Article after receiving any age enhancement or creditable service under this Section thereby irrevocably forfeits that age enhancement and creditable service and remains ineligible for any other early retirement benefit under this Article.
- 13 (f) The Board may adopt rules to implement this Section.
- 14 (40 ILCS 5/16-143.1) (from Ch. 108 1/2, par. 16-143.1)

 Sec. 16-143.1. Increase in survivor benefits.
 - (a) Beginning January 1, 1990, each survivor's benefit and each reversionary annuity payable under Section 16-136 shall be increased by 3% of the currently payable amount thereof (1) on each January 1 occurring on or after the commencement of the annuity if the deceased teacher died while receiving a retirement or disability retirement annuity, or (2) in other cases, on each January 1 occurring on or after the first anniversary of the granting of the benefit, without regard to whether the deceased teacher was in service on or after the effective date of this amendatory Act of 1991, but such

increases shall not accrue for any period prior to January 1, 1990.

(a-5) Notwithstanding any other provision of this Article to the contrary, the automatic annual increase in the survivor's benefit for the survivor of a deceased Tier 1 member who elected the early retirement incentive under Section 15-136.5 shall be calculated at 3% or the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the originally granted retirement annuity. If the annual unadjusted percentage change in the consumer price index-u for the 12 months ending with the September preceding each November 1 is zero or there is a decrease, then the annuity shall not be increased.

For the purposes of this subsection, "consumer price index-u" means the index published by the Bureau of Labor Statistics of the United States Department of Labor that measures the average change in prices of goods and services purchased by all urban consumers, United States city average, all items, 1982-84 = 100. The new amount resulting from each annual adjustment shall be determined by the Public Pension Division of the Department of Insurance and made available to the boards of the retirement systems and pension funds by November 1 of each year.

(b) On January 1, 1981, any beneficiary who was receiving a

- 1 survivor's monthly benefit on or before January 1, 1971, shall
- 2 have the benefit then being paid increased by 1% for each full
- 3 year elapsed from the date the survivor's benefit began. On
- 4 January 1, 1982, any beneficiary who began receiving a
- 5 survivor's monthly benefit after January 1, 1971, but before
- 6 January 1, 1981 shall have the benefit then being paid
- 7 increased by 1% for each year elapsed from the date the
- 8 survivor's benefit began.
- 9 On January 1, 1987, any beneficiary whose monthly
- 10 survivor's benefit began on or before January 1, 1977, shall
- 11 have the monthly survivor's benefit increased by \$1 for each
- 12 full year which has elapsed since the date the survivor's
- 13 benefit began.
- 14 (Source: P.A. 86-273; 86-1488.)
- 15 (40 ILCS 5/16-190.5)
- Sec. 16-190.5. Accelerated pension benefit payment in lieu
- of any pension benefit.
- 18 (a) As used in this Section:
- "Eligible person" means a person who:
- 20 (1) has terminated service;
- 21 (2) has accrued sufficient service credit to be
- 22 eligible to receive a retirement annuity under this
- 23 Article;
- 24 (3) has not received any retirement annuity under this
- 25 Article; and

1 (4) has not made the election under Section $\underline{16-133.6}$ or $\underline{16-190.6}$.

"Pension benefit" means the benefits under this Article, or Article 1 as it relates to those benefits, including any anticipated annual increases, that an eligible person is entitled to upon attainment of the applicable retirement age. "Pension benefit" also includes applicable survivor's or disability benefits.

(b) As soon as practical after the effective date of this amendatory Act of the 100the General Assembly, the System shall calculate, using actuarial tables and other assumptions adopted by the Board, the present value of pension benefits for each eligible person who requests that information and shall offer each eligible person the opportunity to irrevocably elect to receive an amount determined by the System to be equal to 60% of the present value of his or her pension benefits in lieu of receiving any pension benefit. The offer shall specify the dollar amount that the eligible person will receive if he or she so elects and shall expire when a subsequent offer is made to an eligible person. The System shall make a good faith effort to contact every eligible person to notify him or her of the election.

Until June 30, 2021, an eligible person may irrevocably elect to receive an accelerated pension benefit payment in the amount that the System offers under this subsection in lieu of receiving any pension benefit. A person who elects to receive

- an accelerated pension benefit payment under this Section may not elect to proceed under the Retirement Systems Reciprocal Act with respect to service under this Article.
 - (c) A person's creditable service under this Article shall be terminated upon the person's receipt of an accelerated pension benefit payment under this Section, and no other benefit shall be paid under this Article based on the terminated creditable service, including any retirement, survivor, or other benefit; except that to the extent that participation, benefits, or premiums under the State Employees Group Insurance Act of 1971 are based on the amount of service credit, the terminated service credit shall be used for that purpose.
 - (d) If a person who has received an accelerated pension benefit payment under this Section returns to active service under this Article, then:
 - (1) Any benefits under the System earned as a result of that return to active service shall be based solely on the person's creditable service arising from the return to active service.
 - (2) The accelerated pension benefit payment may not be repaid to the System, and the terminated creditable service may not under any circumstances be reinstated.
 - (e) As a condition of receiving an accelerated pension benefit payment, the accelerated pension benefit payment must be transferred into a tax qualified retirement plan or account.

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be subject to withholding or payment of applicable taxes, but to the extent permitted by federal law, a person who receives an accelerated pension benefit payment under this Section must direct the System to pay all of that payment as a rollover into

The accelerated pension benefit payment under this Section may

another retirement plan or account qualified under the Internal

- 5 direct the system to pay all of that payment as a follower into
- 7 Revenue Code of 1986, as amended.
- 8 (f) Upon receipt of a member's irrevocable election to 9 receive an accelerated pension benefit payment under this 10 Section, the System shall submit a voucher to the Comptroller 11 for payment of the member's accelerated pension benefit 12 payment. The Comptroller shall transfer the amount of the 13 voucher from the State Pension Obligation Acceleration Bond 14 Fund to the System, and the System shall transfer the amount 15 into the member's eligible retirement plan or qualified 16 account.
- 17 (g) The Board shall adopt any rules, including emergency 18 rules, necessary to implement this Section.
- 19 (h) No provision of this amendatory Act of the 100th 20 General Assembly shall be interpreted in a way that would cause 21 the applicable System to cease to be a qualified plan under the 22 Internal Revenue Code of 1986.
- 23 (Source: P.A. 100-587, eff. 6-4-18.)
- 24 (40 ILCS 5/16-190.6)
- 25 Sec. 16-190.6. Accelerated pension benefit payment for a

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- reduction in annual retirement annuity and survivor's annuity increases.
 - (a) As used in this Section:

"Accelerated pension benefit payment" means a lump sum payment equal to 70% of the difference of the present value of the automatic annual increases to a Tier 1 member's retirement annuity and survivor's annuity using the formula applicable to the Tier 1 member and the present value of the automatic annual increases to the Tier 1 member's retirement annuity using the formula provided under subsection (b-5) and the survivor's annuity using the formula provided under subsection (b-6).

"Eligible person" means a person who:

- (1) is a Tier 1 member;
- 14 (2) has submitted an application for a retirement 15 annuity under this Article;
 - (3) meets the age and service requirements for receiving a retirement annuity under this Article;
 - (4) has not received any retirement annuity under this Article; and
- 20 (5) has not made the election under Section $\underline{16-133.6}$ or $\underline{16-190.5}$.
 - (b) As soon as practical after the effective date of this amendatory Act of the 100th General Assembly and until June 30, 2021, the System shall implement an accelerated pension benefit payment option for eligible persons. Upon the request of an eligible person, the System shall calculate, using actuarial

tables and other assumptions adopted by the Board, an accelerated pension benefit payment amount and shall offer that eligible person the opportunity to irrevocably elect to have his or her automatic annual increases in retirement annuity calculated in accordance with the formula provided under subsection (b-5) and any increases in survivor's annuity payable to his or her survivor's annuity beneficiary calculated in accordance with the formula provided under subsection (b-6) in exchange for the accelerated pension benefit payment. The election under this subsection must be made before the eligible person receives the first payment of a retirement annuity otherwise payable under this Article.

(b-5) Notwithstanding any other provision of law, the retirement annuity of a person who made the election under subsection (b) shall be subject to annual increases on the January 1 occurring either on or after the attainment of age 67 or the first anniversary of the annuity start date, whichever is later. Each annual increase shall be calculated at 1.5% of the originally granted retirement annuity.

(b-6) Notwithstanding any other provision of law, a survivor's annuity payable to a survivor's annuity beneficiary of a person who made the election under subsection (b) shall be subject to annual increases on the January 1 occurring on or after the first anniversary of the commencement of the annuity. Each annual increase shall be calculated at 1.5% of the originally granted survivor's annuity.

- (c) If a person who has received an accelerated pension benefit payment returns to active service under this Article, then:
 - (1) the calculation of any future automatic annual increase in retirement annuity shall be calculated in accordance with the formula provided in subsection (b-5); and
 - (2) the accelerated pension benefit payment may not be repaid to the System.
 - (d) As a condition of receiving an accelerated pension benefit payment, the accelerated pension benefit payment must be transferred into a tax qualified retirement plan or account. The accelerated pension benefit payment under this Section may be subject to withholding or payment of applicable taxes, but to the extent permitted by federal law, a person who receives an accelerated pension benefit payment under this Section must direct the System to pay all of that payment as a rollover into another retirement plan or account qualified under the Internal Revenue Code of 1986, as amended.
 - (d-5) Upon receipt of a member's irrevocable election to receive an accelerated pension benefit payment under this Section, the System shall submit a voucher to the Comptroller for payment of the member's accelerated pension benefit payment. The Comptroller shall transfer the amount of the voucher from the State Pension Obligation Acceleration Bond Fund to the System, and the System shall transfer the amount

- 1 into the member's eligible retirement plan or qualified
- 2 account.
- 3 (e) The Board shall adopt any rules, including emergency
- 4 rules, necessary to implement this Section.
- 5 (f) No provision of this Section shall be interpreted in a
- 6 way that would cause the applicable System to cease to be a
- 7 qualified plan under the Internal Revenue Code of 1986.
- 8 (Source: P.A. 100-587, eff. 6-4-18.)
- 9 (40 ILCS 5/16-203)
- 10 Sec. 16-203. Application and expiration of new benefit
- 11 increases.
- 12 (a) As used in this Section, "new benefit increase" means
- an increase in the amount of any benefit provided under this
- 14 Article, or an expansion of the conditions of eligibility for
- any benefit under this Article, that results from an amendment
- 16 to this Code that takes effect after June 1, 2005 (the
- 17 effective date of Public Act 94-4). "New benefit increase",
- 18 however, does not include any benefit increase resulting from
- 19 the changes made to Article 1 or this Article by Public Act
- 20 95-910, Public Act 100-23, Public Act 100-587, Public Act
- 21 100-743, Public Act 100-769, or this amendatory Act of the
- 22 101st General Assembly or by this amendatory Act of the 100th
- 23 General Assembly.
- 24 (b) Notwithstanding any other provision of this Code or any
- 25 subsequent amendment to this Code, every new benefit increase

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- is subject to this Section and shall be deemed to be granted only in conformance with and contingent upon compliance with
- 3 the provisions of this Section.
 - (c) The Public Act enacting a new benefit increase must identify and provide for payment to the System of additional funding at least sufficient to fund the resulting annual increase in cost to the System as it accrues.

Every new benefit increase is contingent upon the General Assembly providing the additional funding required under this subsection. The Commission on Government Forecasting and Accountability shall analyze whether adequate additional funding has been provided for the new benefit increase and shall report its analysis to the Public Pension Division of the Department of Insurance. A new benefit increase created by a Public Act that does not include the additional funding required under this subsection is null and void. If the Public Pension Division determines that the additional funding provided for a new benefit increase under this subsection is or has become inadequate, it may so certify to the Governor and the State Comptroller and, in the absence of corrective action by the General Assembly, the new benefit increase shall expire at the end of the fiscal year in which the certification is made.

(d) Every new benefit increase shall expire 5 years after its effective date or on such earlier date as may be specified in the language enacting the new benefit increase or provided

- 1 under subsection (c). This does not prevent the General
- 2 Assembly from extending or re-creating a new benefit increase
- 3 by law.
- 4 (e) Except as otherwise provided in the language creating
- 5 the new benefit increase, a new benefit increase that expires
- 6 under this Section continues to apply to persons who applied
- 7 and qualified for the affected benefit while the new benefit
- 8 increase was in effect and to the affected beneficiaries and
- 9 alternate payees of such persons, but does not apply to any
- 10 other person, including without limitation a person who
- 11 continues in service after the expiration date and did not
- 12 apply and qualify for the affected benefit while the new
- 13 benefit increase was in effect.
- 14 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
- 15 100-743, eff. 8-10-18; 100-769, eff. 8-10-18; revised
- 16 10-15-18.)
- 17 Section 99. Effective date. This Act takes effect upon
- 18 becoming law.

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2	Statutes amended in order of appearance
3	40 ILCS 5/15-136 from Ch. 108 1/2, par. 15-136
4	40 ILCS 5/15-136.4
5	40 ILCS 5/15-136.5 new
6	40 ILCS 5/15-145 from Ch. 108 1/2, par. 15-145
7	40 ILCS 5/15-185.5
8	40 ILCS 5/15-185.6
9	40 ILCS 5/15-198
10	40 ILCS 5/16-133.1 from Ch. 108 1/2, par. 16-133.1
11	40 ILCS 5/16-133.6 new
12	40 ILCS 5/16-143.1 from Ch. 108 1/2, par. 16-143.1
13	40 ILCS 5/16-190.5
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15	40 ILCS 5/16-203