



## 99TH GENERAL ASSEMBLY

### State of Illinois

### 2015 and 2016

### HB2520

Introduced 2/18/2015, by Rep. Greg Harris

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-154	from Ch. 108 1/2, par. 7-154
40 ILCS 5/7-159	from Ch. 108 1/2, par. 7-159
40 ILCS 5/15-139	from Ch. 108 1/2, par. 15-139
40 ILCS 5/15-145	from Ch. 108 1/2, par. 15-145
40 ILCS 5/15-154	from Ch. 108 1/2, par. 15-154
40 ILCS 5/16-143.2	from Ch. 108 1/2, par. 16-143.2

Amends the Illinois Municipal Retirement Fund (IMRF), State Universities, and Downstate Teacher Articles of the Illinois Pension Code. Provides that certain annuitants who received a refund of contributions for survivor benefits may elect to repay the refund, with interest, and have their survivor benefit rights reinstated. Specifies the required time and manner of repayment. In the IMRF and State Universities Articles, requires that the annuitant (1) retired prior to June 1, 2011, and (2) is a party to a civil union, marriage, or other legal relationship that is recognized as a civil union or marriage under the Illinois Religious Freedom Protection and Civil Union Act or the Illinois Marriage and Dissolution of Marriage Act on or after certain specified dates. Also, in the IMRF Article, extends application of a provision added by Public Act 87-850 to spouses of annuitants who die on or after the effective date of this amendatory Act. Effective immediately.

LRB099 10173 EFG 30397 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by changing  
5 Sections 7-154, 7-159, 15-139, 15-145, 15-154, and 16-143.2 as  
6 follows:

7 (40 ILCS 5/7-154) (from Ch. 108 1/2, par. 7-154)

8 Sec. 7-154. Surviving spouse annuities - Eligibility.

9 (a) A surviving spouse annuity shall be payable to the  
10 eligible surviving spouse of a participating employee, an  
11 employee annuitant, or a person who on the date of death would  
12 have been entitled to a retirement annuity, had he applied for  
13 such annuity, and who dies at any time when a surviving spouse  
14 annuity equals at least \$5 per month, provided:

15 (1) The surviving spouse (i) was married to the  
16 participating employee for at least one year on the date of  
17 death, or (ii) was married to the annuitant or person  
18 entitled to a retirement annuity for at least one year  
19 prior to the date of termination of service, or (iii) was  
20 married to the deceased annuitant for at least one year on  
21 the date of the deceased annuitant's death, if at the time  
22 of termination of service the deceased annuitant was  
23 married for at least one year to a spouse who does not

1 survive the deceased annuitant. (Item (iii) applies to the  
2 spouses of annuitants who die on or after the effective  
3 date of this amendatory Act of the 99th General Assembly,  
4 notwithstanding whether the annuitant was in service on or  
5 after that effective date or the effective date of Public  
6 Act 87-850.)

7 (2) The male deceased employee annuitant or such other  
8 person entitled to a retirement annuity had contributed to  
9 this fund for surviving spouse annuity purposes for at  
10 least 1 year or continuously since the effective date of  
11 the participating municipality or participating  
12 instrumentality.

13 (3) The female deceased employee annuitant or such  
14 other person entitled to a retirement annuity was in  
15 service on or after July 27, 1972, provided that the  
16 annuity shall not be computed on the basis of any  
17 retirement annuity effective before that date.

18 (4) If the employee dies before termination of service,  
19 the employee did not exclude the spouse from any death  
20 benefit or surviving spouse annuity pursuant to subsection  
21 (b) of Section 7-118. A designation of beneficiary naming a  
22 spouse and children jointly or a trust pursuant to  
23 subsection (b) of Section 7-118 shall preclude payment of a  
24 surviving spouse annuity.

25 (b) If a person is the spouse of a retiring participating  
26 employee on the date of the initial payment of a retirement

1 annuity and is qualified to receive a surviving spouse annuity  
2 upon the death of the employee and the surviving spouse  
3 contributions are not refunded to the employee, then a  
4 surviving spouse annuity shall be payable to that person even  
5 if the marriage to the employee is dissolved after that date.

6 (c) Eligibility of a surviving spouse shall be determined  
7 as of the date of death. Only one surviving spouse annuity  
8 shall be paid on account of the death of any employee.

9 (Source: P.A. 87-740; 87-850.)

10 (40 ILCS 5/7-159) (from Ch. 108 1/2, par. 7-159)

11 Sec. 7-159. Surviving spouse annuity - refund of survivor  
12 credits.

13 (a) Any employee annuitant who (1) upon the date a  
14 retirement annuity begins is not then married, or (2) is  
15 married to a person who would not qualify for surviving spouse  
16 annuity if the person died on such date, is entitled to a  
17 refund of the survivor credits including interest accumulated  
18 on the date the annuity begins, excluding survivor credits and  
19 interest thereon credited during periods of disability, and no  
20 spouse shall have a right to any surviving spouse annuity from  
21 this Fund. If the employee annuitant reenters service and upon  
22 subsequent retirement has a spouse who would qualify for a  
23 surviving spouse annuity, the employee annuitant may pay the  
24 fund the amount of the refund plus interest at the effective  
25 rate at the date of payment. The payment shall qualify the

1 spouse for a surviving spouse annuity and the amount paid shall  
2 be considered as survivor contributions.

3 (b) Instead of a refund under subsection (a), the retiring  
4 employee may elect to convert the amount of the refund into an  
5 annuity, payable separately from the retirement annuity. If the  
6 annuitant dies before the guaranteed amount has been  
7 distributed, the remainder shall be paid in a lump sum to the  
8 designated beneficiary of the annuitant. The Board shall adopt  
9 any rules necessary for the implementation of this subsection.

10 (c) An annuitant who retired prior to June 1, 2011 and  
11 received a refund of survivor credits under subsection (a), and  
12 who thereafter became, and remains, either:

13 (1) a party to a civil union or a party to a legal  
14 relationship that is recognized as a civil union or  
15 marriage under the Illinois Religious Freedom Protection  
16 and Civil Union Act on or after June 1, 2011; or

17 (2) a party to a marriage under the Illinois Marriage  
18 and Dissolution of Marriage Act on or after February 26,  
19 2014; or

20 (3) a party to a marriage, civil union or other legal  
21 relationship that, at the time it was formed, was not  
22 legally recognized in Illinois but was subsequently  
23 recognized as a civil union or marriage under the Illinois  
24 Religious Freedom Protection and Civil Union Act on or  
25 after June 1, 2011, a marriage under the Illinois Marriage  
26 and Dissolution of Marriage Act on or after February 26,

1           2014, or both;  
2           may, on or after January 1, 2016 but before January 1, 2017,  
3           make an election to re-establish rights to a surviving spouse  
4           annuity under Sections 7-154 through 7-158 (notwithstanding  
5           the eligibility requirements of paragraph (a)(1) of Section  
6           7-154), by paying to the Fund: (1) the total amount of the  
7           refund received for survivor credits; and (2) interest thereon  
8           at the actuarially assumed rate of return from the date of the  
9           refund to the date of payment. Such election must be made prior  
10           to the date of death of the annuitant.

11           The Fund may allow the annuitant to repay this refund over  
12           a period of not more than 24 months. To the extent permitted by  
13           the Internal Revenue Code of 1986, as amended, for federal and  
14           State tax purposes, if a member pays in monthly installments by  
15           reducing the monthly benefit by the amount of the otherwise  
16           applicable contribution, the monthly amount by which the  
17           annuitant's benefit is reduced shall not be treated as a  
18           contribution by the annuitant but rather as a reduction of the  
19           annuitant's monthly benefit.

20           If an annuitant makes an election under this subsection (c)  
21           and the contributions required are not paid in full, an  
22           otherwise qualifying spouse shall be given the option to make  
23           an additional lump sum payment of the remaining contributions  
24           and qualify for a surviving spouse annuity. Otherwise, an  
25           additional refund representing contributions made hereunder  
26           shall be paid at the annuitant's death and there shall be no

1 surviving spouse annuity paid.

2 (Source: P.A. 90-766, eff. 8-14-98.)

3 (40 ILCS 5/15-139) (from Ch. 108 1/2, par. 15-139)

4 Sec. 15-139. Retirement annuities; cancellation; suspended  
5 during employment.

6 (a) If an annuitant returns to employment for an employer  
7 within 60 days after the beginning of the retirement annuity  
8 payment period, the retirement annuity shall be cancelled, and  
9 the annuitant shall refund to the System the total amount of  
10 the retirement annuity payments which he or she received. If  
11 the retirement annuity is cancelled, the participant shall  
12 continue to participate in the System.

13 (b) If an annuitant retires prior to age 60 and receives or  
14 becomes entitled to receive during any month compensation in  
15 excess of the monthly retirement annuity (including any  
16 automatic annual increases) for services performed after the  
17 date of retirement for any employer under this System, that  
18 portion of the monthly retirement annuity provided by employer  
19 contributions shall not be payable.

20 If an annuitant retires at age 60 or over and receives or  
21 becomes entitled to receive during any academic year  
22 compensation in excess of the difference between his or her  
23 highest annual earnings prior to retirement and his or her  
24 annual retirement annuity computed under Rule 1, Rule 2, Rule  
25 3, or Rule 4 of Section 15-136, or under Section 15-136.4, for

1 services performed after the date of retirement for any  
2 employer under this System, that portion of the monthly  
3 retirement annuity provided by employer contributions shall be  
4 reduced by an amount equal to the compensation that exceeds  
5 such difference.

6 However, any remuneration received for serving as a member  
7 of the Illinois Educational Labor Relations Board shall be  
8 excluded from "compensation" for the purposes of this  
9 subsection (b), and serving as a member of the Illinois  
10 Educational Labor Relations Board shall not be deemed to be a  
11 return to employment for the purposes of this Section. This  
12 provision applies without regard to whether service was  
13 terminated prior to the effective date of this amendatory Act  
14 of 1991.

15 "Academic year", as used in this subsection (b), means the  
16 12-month period beginning September 1.

17 (c) If an employer certifies that an annuitant has been  
18 reemployed on a permanent and continuous basis or in a position  
19 in which the annuitant is expected to serve for at least 9  
20 months, the annuitant shall resume his or her status as a  
21 participating employee and shall be entitled to all rights  
22 applicable to participating employees upon filing with the  
23 board an election to forgo all annuity payments during the  
24 period of reemployment. Upon subsequent retirement, the  
25 retirement annuity shall consist of the annuity which was  
26 terminated by the reemployment, plus the additional retirement



1 annuity based upon service granted during the period of  
2 reemployment, but the combined retirement annuity shall not  
3 exceed the maximum annuity applicable on the date of the last  
4 retirement.

5 The total service and earnings credited before and after  
6 the initial date of retirement shall be considered in  
7 determining eligibility of the employee or the employee's  
8 beneficiary to benefits under this Article, and in calculating  
9 final rate of earnings.

10 In determining the death benefit payable to a beneficiary  
11 of an annuitant who again becomes a participating employee  
12 under this Section, accumulated normal and additional  
13 contributions shall be considered as the sum of the accumulated  
14 normal and additional contributions at the date of initial  
15 retirement and the accumulated normal and additional  
16 contributions credited after that date, less the sum of the  
17 annuity payments received by the annuitant.

18 The survivors insurance benefits provided under Section  
19 15-145 shall not be applicable to an annuitant who resumes his  
20 or her status as a participating employee, unless the  
21 annuitant, at the time of initial retirement, has a survivors  
22 insurance beneficiary who could qualify for such benefits or  
23 the annuitant repaid the survivors insurance contribution  
24 refund or additional annuity under subsection (c-5) of Section  
25 15-154.

26 If the participant's employment is terminated because of

1 circumstances other than death before 9 months from the date of  
2 reemployment, the provisions of this Section regarding  
3 resumption of status as a participating employee shall not  
4 apply. The normal and survivors insurance contributions which  
5 are deducted during this period shall be refunded to the  
6 annuitant without interest, and subsequent benefits under this  
7 Article shall be the same as those which were applicable prior  
8 to the date the annuitant resumed employment.

9 The amendments made to this Section by this amendatory Act  
10 of the 91st General Assembly apply without regard to whether  
11 the annuitant was in service on or after the effective date of  
12 this amendatory Act.

13 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;  
14 98-92, eff. 7-16-13; 98-596, eff. 11-19-13.)

15 (40 ILCS 5/15-145) (from Ch. 108 1/2, par. 15-145)

16 Sec. 15-145. Survivors insurance benefits; conditions and  
17 amounts.

18 (a) The survivors insurance benefits provided under this  
19 Section shall be payable to the eligible survivors of a Tier 1  
20 member covered under the traditional benefit package upon the  
21 death of (1) a participating employee with at least 1 1/2 years  
22 of service, (2) a participant who terminated employment with at  
23 least 10 years of service, and (3) an annuitant in receipt of a  
24 retirement annuity or disability retirement annuity under this  
25 Article.

1           Service under the State Employees' Retirement System of  
2 Illinois, the Teachers' Retirement System of the State of  
3 Illinois and the Public School Teachers' Pension and Retirement  
4 Fund of Chicago shall be considered in determining eligibility  
5 for survivors benefits under this Section.

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

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

1 age 18 (under age 22 if a full-time student) who is eligible  
2 for a survivors annuity.

3 Remarriage of a surviving spouse prior to attainment of age  
4 55 that occurs before the effective date of this amendatory Act  
5 of the 91st General Assembly shall disqualify him or her for  
6 the receipt of a survivors annuity until July 6, 2000.

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

24 The changes made to this subsection by this amendatory Act  
25 of the 92nd General Assembly (pertaining to remarriage prior to  
26 age 55 or 50) apply without regard to whether the deceased

1 participant or annuitant was in service on or after the  
2 effective date of this amendatory Act.

3 (c) Each dependent unmarried child under age 18 (under age  
4 22 if a full-time student) of a deceased participant, or of a  
5 deceased annuitant who did not take a refund or additional  
6 annuity consisting of accumulated survivors insurance  
7 contributions or who repaid the refund or additional annuity,  
8 shall receive a survivors annuity equal to the sum of (1) 20%  
9 of the final rate of earnings, and (2) 10% of the final rate of  
10 earnings divided by the number of children entitled to this  
11 benefit. Payments shall begin on the day following the  
12 participant's or annuitant's death and continue until the child  
13 marries, dies, or attains age 18 (age 22 if a full-time  
14 student). If the child is in the care of a surviving spouse who  
15 is eligible for survivors insurance benefits, the child's  
16 benefit shall be paid to the surviving spouse.

17 Each unmarried child over age 18 of a deceased participant  
18 or of a deceased annuitant who had a survivor's insurance  
19 beneficiary at the time of his or her retirement, and who was  
20 dependent upon the participant or annuitant by reason of a  
21 physical or mental disability which began prior to the date the  
22 child attained age 18 (age 22 if a full-time student), shall  
23 receive a survivor's annuity equal to the sum of (1) 20% of the  
24 final rate of earnings, and (2) 10% of the final rate of  
25 earnings divided by the number of children entitled to  
26 survivors benefits. Payments shall begin on the day following

1 the participant's or annuitant's death and continue until the  
2 child marries, dies, or is no longer disabled. If the child is  
3 in the care of a surviving spouse who is eligible for survivors  
4 insurance benefits, the child's benefit may be paid to the  
5 surviving spouse. For the purposes of this Section, disability  
6 means inability to engage in any substantial gainful activity  
7 by reason of any medically determinable physical or mental  
8 impairment that can be expected to result in death or that has  
9 lasted or can be expected to last for a continuous period of at  
10 least one year.

11 (d) Each dependent parent of a deceased participant, or of  
12 a deceased annuitant who did not take a refund or additional  
13 annuity consisting of accumulated survivors insurance  
14 contributions or who repaid the refund or additional annuity,  
15 shall receive a survivors annuity equal to the sum of (1) 20%  
16 of final rate of earnings, and (2) 10% of final rate of  
17 earnings divided by the number of parents who qualify for the  
18 benefit. Payments shall begin when the parent reaches age 55 or  
19 the day following the participant's or annuitant's death,  
20 whichever is later, and continue until the parent dies.  
21 Remarriage of a parent prior to attainment of age 55 shall  
22 disqualify the parent for the receipt of a survivors annuity.

23 (e) In addition to the survivors annuity provided above,  
24 each survivors insurance beneficiary shall, upon death of the  
25 participant or annuitant, receive a lump sum payment of \$1,000  
26 divided by the number of such beneficiaries.

1           (f) The changes made in this Section by Public Act 81-712  
2           pertaining to survivors annuities in cases of remarriage prior  
3           to age 55 shall apply to each survivors insurance beneficiary  
4           who remarries after June 30, 1979, regardless of the date that  
5           the participant or annuitant terminated his employment or died.

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

12          (g) On January 1, 1981, any person who was receiving a  
13          survivors annuity on or before January 1, 1971 shall have the  
14          survivors annuity then being paid increased by 1% for each full  
15          year which has elapsed from the date the annuity began. On  
16          January 1, 1982, any survivor whose annuity began after January  
17          1, 1971, but before January 1, 1981, shall have the survivor's  
18          annuity then being paid increased by 1% for each year which has  
19          elapsed from the date the survivor's annuity began. On January  
20          1, 1987, any survivor who began receiving a survivor's annuity  
21          on or before January 1, 1977, shall have the monthly survivor's  
22          annuity increased by \$1 for each full year which has elapsed  
23          since the date the survivor's annuity began.

24          (h) If the sum of the lump sum and total monthly survivor  
25          benefits payable under this Section upon the death of a  
26          participant amounts to less than the sum of the death benefits

1 payable under items (2) and (3) of Section 15-141, the  
2 difference shall be paid in a lump sum to the beneficiary of  
3 the participant who is living on the date that this additional  
4 amount becomes payable.

5 (i) If the sum of the lump sum and total monthly survivor  
6 benefits payable under this Section upon the death of an  
7 annuitant receiving a retirement annuity or disability  
8 retirement annuity amounts to less than the death benefit  
9 payable under Section 15-142, the difference shall be paid to  
10 the beneficiary of the annuitant who is living on the date that  
11 this additional amount becomes payable.

12 (j) Effective on the later of (1) January 1, 1990, or (2)  
13 the January 1 on or next after the date on which the survivor  
14 annuity begins, if the deceased member died while receiving a  
15 retirement annuity, or in all other cases the January 1 nearest  
16 the first anniversary of the date the survivor annuity payments  
17 begin, every survivors insurance beneficiary shall receive an  
18 increase in his or her monthly survivors annuity of 3%. On each  
19 January 1 after the initial increase, the monthly survivors  
20 annuity shall be increased by 3% of the total survivors annuity  
21 provided under this Article, including previous increases  
22 provided by this subsection. Such increases shall apply to the  
23 survivors insurance beneficiaries of each participant and  
24 annuitant, whether or not the employment status of the  
25 participant or annuitant terminates before the effective date  
26 of this amendatory Act of 1990. This subsection (j) also



1 applies to persons receiving a survivor annuity under the  
2 portable benefit package.

3 (k) If the Internal Revenue Code of 1986, as amended,  
4 requires that the survivors benefits be payable at an age  
5 earlier than that specified in this Section the benefits shall  
6 begin at the earlier age, in which event, the survivor's  
7 beneficiary shall be entitled only to that amount which is  
8 equal to the actuarial equivalent of the benefits provided by  
9 this Section.

10 (l) The changes made to this Section and Section 15-131 by  
11 this amendatory Act of 1997, relating to benefits for certain  
12 unmarried children who are full-time students under age 22,  
13 apply without regard to whether the deceased member was in  
14 service on or after the effective date of this amendatory Act  
15 of 1997. These changes do not authorize the repayment of a  
16 refund or a re-election of benefits, and any benefit or  
17 increase in benefits resulting from these changes is not  
18 payable retroactively for any period before the effective date  
19 of this amendatory Act of 1997.

20 (Source: P.A. 98-92, eff. 7-16-13.)

21 (40 ILCS 5/15-154) (from Ch. 108 1/2, par. 15-154)

22 Sec. 15-154. Refunds.

23 (a) A participant whose status as an employee is  
24 terminated, regardless of cause, or who has been on lay off  
25 status for more than 120 days, and who is not on leave of

1 absence, is entitled to a refund of contributions upon  
2 application; except that not more than one such refund  
3 application may be made during any academic year.

4 Except as set forth in subsections (a-1) and (a-2), the  
5 refund shall be the sum of the accumulated normal, additional,  
6 and survivors insurance contributions, plus the entire  
7 contribution made by the participant under Section 15-113.3,  
8 less the amount of interest credited on these contributions  
9 each year in excess of 4 1/2% of the amount on which interest  
10 was calculated.

11 (a-1) A person who elects, in accordance with the  
12 requirements of Section 15-134.5, to participate in the  
13 portable benefit package and who becomes a participating  
14 employee under that retirement program upon the conclusion of  
15 the one-year waiting period applicable to the portable benefit  
16 package election shall have his or her refund calculated in  
17 accordance with the provisions of subsection (a-2).

18 (a-2) The refund payable to a participant described in  
19 subsection (a-1) shall be the sum of the participant's  
20 accumulated normal and additional contributions, as defined in  
21 Sections 15-116 and 15-117, plus the entire contribution made  
22 by the participant under Section 15-113.3. If the participant  
23 terminates with 5 or more years of service for employment as  
24 defined in Section 15-113.1, he or she shall also be entitled  
25 to a distribution of employer contributions in an amount equal  
26 to the sum of the accumulated normal and additional

1 contributions, as defined in Sections 15-116 and 15-117.

2 (b) Upon acceptance of a refund, the participant forfeits  
3 all accrued rights and credits in the System, and if  
4 subsequently reemployed, the participant shall be considered a  
5 new employee subject to all the qualifying conditions for  
6 participation and eligibility for benefits applicable to new  
7 employees. If such person again becomes a participating  
8 employee and continues as such for 2 years, or is employed by  
9 an employer and participates for at least 2 years in the  
10 Federal Civil Service Retirement System, all such rights,  
11 credits, and previous status as a participant shall be restored  
12 upon repayment of the amount of the refund, together with  
13 compound interest thereon from the date the refund was received  
14 to the date of repayment at the rate of 6% per annum through  
15 August 31, 1982, and at the effective rates after that date.  
16 When a participant in the portable benefit package who received  
17 a refund which included a distribution of employer  
18 contributions repays a refund pursuant to this Section,  
19 one-half of the amount repaid shall be deemed the member's  
20 reinstated accumulated normal and additional contributions and  
21 the other half shall be allocated as an employer contribution  
22 to the System, except that any amount repaid for previously  
23 purchased military service credit under Section 15-113.3 shall  
24 be accounted for as such.

25 (c) Except as otherwise provided under subsection (c-5), if  
26 ~~if~~ a participant covered under the traditional benefit package

1 has made survivors insurance contributions, but has no  
2 survivors insurance beneficiary upon retirement, he or she  
3 shall be entitled to elect a refund of the accumulated  
4 survivors insurance contributions, or to elect an additional  
5 annuity the value of which is equal to the accumulated  
6 survivors insurance contributions. This election must be made  
7 prior to the date the person's retirement annuity is approved  
8 by the System.

9 (c-5) Notwithstanding subsection (c), an annuitant who  
10 retired prior to June 1, 2011 and made the election under  
11 subsection (c), and who thereafter became, and remains, either:

12 (1) a party to a civil union or a party to a legal  
13 relationship that is recognized as a civil union or  
14 marriage under the Illinois Religious Freedom Protection  
15 and Civil Union Act on or after June 1, 2011; or

16 (2) a party to a marriage under the Illinois Marriage  
17 and Dissolution of Marriage Act on or after February 26,  
18 2014; or

19 (3) a party to a marriage, civil union or other legal  
20 relationship that, at the time it was formed, was not  
21 legally recognized in Illinois but was subsequently  
22 recognized as a civil union or marriage under the Illinois  
23 Religious Freedom Protection and Civil Union Act on or  
24 after June 1, 2011, a marriage under the Illinois Marriage  
25 and Dissolution of Marriage Act on or after February 26,  
26 2014, or both;

1 may make a one-time, irrevocable election to repay the refund  
2 or additional annuity payments received under subsection (c),  
3 together with compound interest thereon at the actuarially  
4 assumed rate of return from the date the refund was issued or  
5 the date each additional annuity payment was issued to the date  
6 of repayment. The annuitant shall submit proof of party status  
7 for item (1), (2), or (3) in the form of a valid marriage  
8 certificate or a civil union certificate with any additional  
9 requirements the Board prescribes by rulemaking. The election  
10 must be received by the System within the period beginning on  
11 January 1, 2016 and ending on January 1, 2017, and prior to the  
12 date of death of the annuitant.

13 To the extent permitted under the Internal Revenue Code of  
14 1986, as amended, the full repayment shall be made within a  
15 period beginning on the date of the election and ending on the  
16 earlier of the 24th month thereafter or the date of the  
17 annuitant's death. If an annuitant fails to make the repayment  
18 within the required period, any payments made shall be  
19 returned, without interest, to the annuitant (or to the  
20 annuitant's estate if the payments ceased due to death), and  
21 survivors insurance benefits under Section 15-145 shall not be  
22 payable upon the annuitant's death.

23 Upon such repayment, all forfeited survivors insurance  
24 benefit rights and credits under Section 15-145 shall be  
25 restored. This repayment right shall not alter or modify any  
26 eligibility requirement for survivors insurance beneficiaries

1 under this Article applicable upon the annuitant's death. The  
2 repayment shall be irrevocable. No person shall have a claim or  
3 right to the repaid amounts in a manner not otherwise provided  
4 for under this Article in the event that: the marriage, civil  
5 union, or other legal relationship described in this subsection  
6 is dissolved, annulled, or declared invalid by a court of  
7 competent jurisdiction; or the other party to the marriage,  
8 civil union, or other legal relationship predeceases the  
9 annuitant or otherwise fails to qualify as a survivors  
10 insurance beneficiary upon the annuitant's death.

11 For purposes of this subsection (c-5), the term "annuitant"  
12 shall include an annuitant who resumed his or her status as a  
13 participating employee under Section 15-139(c).

14 (d) A participant, upon application, is entitled to a  
15 refund of his or her accumulated additional contributions  
16 attributable to the additional contributions described in the  
17 last sentence of subsection (c) of Section 15-157. Upon the  
18 acceptance of such a refund of accumulated additional  
19 contributions, the participant forfeits all rights and credits  
20 which may have accrued because of such contributions.

21 (e) A participant who terminates his or her employee status  
22 and elects to waive service credit under Section 15-154.2, is  
23 entitled to a refund of the accumulated normal, additional and  
24 survivors insurance contributions, if any, which were credited  
25 the participant for this service, or to an additional annuity  
26 the value of which is equal to the accumulated normal,

1 additional and survivors insurance contributions, if any;  
2 except that not more than one such refund application may be  
3 made during any academic year. Upon acceptance of this refund,  
4 the participant forfeits all rights and credits accrued because  
5 of this service.

6 (f) If a police officer or firefighter receives a  
7 retirement annuity under Rule 1 or 3 of Section 15-136, he or  
8 she shall be entitled at retirement to a refund of the  
9 difference between his or her accumulated normal contributions  
10 and the normal contributions which would have accumulated had  
11 such person filed a waiver of the retirement formula provided  
12 by Rule 4 of Section 15-136.

13 (g) If, at the time of retirement, a participant would be  
14 entitled to a retirement annuity under Rule 1, 2, 3, 4, or 5 of  
15 Section 15-136, or under Section 15-136.4, that exceeds the  
16 maximum specified in clause (1) of subsection (c) of Section  
17 15-136, he or she shall be entitled to a refund of the employee  
18 contributions, if any, paid under Section 15-157 after the date  
19 upon which continuance of such contributions would have  
20 otherwise caused the retirement annuity to exceed this maximum,  
21 plus compound interest at the effective rates.

22 (Source: P.A. 92-16, eff. 6-28-01; 92-424, eff. 8-17-01;  
23 93-347, eff. 7-24-03.)

24 (40 ILCS 5/16-143.2) (from Ch. 108 1/2, par. 16-143.2)  
25 Sec. 16-143.2. Refund of contributions for survivor

1 benefits at retirement.

2 (a) If at the time of applying for a retirement annuity  
3 under Section 16-132, or while in receipt of such a retirement  
4 annuity, a member does not have a dependent beneficiary as  
5 defined in paragraph (3) of Section 16-140, such member may be  
6 granted, upon written request, a refund of actual contributions  
7 for survivor benefits, without interest. Members will be  
8 eligible for a refund of contributions for survivor benefits as  
9 provided in the previous sentence notwithstanding the fact that  
10 they began receiving retirement benefits prior to this  
11 amendatory Act of 1985. Acceptance of the refund will forfeit  
12 all rights to survivor benefits under Sections 16-140 through  
13 16-143.

14 (b) Except as provided under subsection (c), an An  
15 annuitant who reestablishes membership following acceptance of  
16 refund of contributions for survivor benefits under subsection  
17 (a) of this Section may reinstate eligibility for benefits  
18 provided under Sections 16-140 through 16-143 only through: (1)  
19 repayment of such refund together with regular interest thereon  
20 from the date of the refund to the date of repayment, and (2)  
21 completion of one year of creditable service following  
22 acceptance of such refund. If membership is reestablished and  
23 the above conditions (1) and (2) are not met, an additional  
24 refund, representing contributions made following the previous  
25 refund will be provided upon the member's death or retirement,  
26 whichever is applicable.



1       (c) Notwithstanding subsection (b), an annuitant who has  
2 received a refund under subsection (a) may, on or after January  
3 1, 2016 but before January 1, 2017, make an election to  
4 reestablish rights to survivor benefits under Sections 16-140  
5 through 16-143 by paying to the System:

6           (1) the total amount of the refund received for actual  
7 contributions; and

8           (2) interest on the amount of the refund at the  
9 actuarially assumed rate of return for the period starting  
10 on the date of receipt of the refund and ending when the  
11 annuitant has made an election under this subsection (c).

12       The System may allow an individual to repay this refund  
13 through: a tax-deferred lump sum payment in full; substantially  
14 equal monthly installments over a period of at least one but  
15 not more than 24 months by reducing the annuitant's monthly  
16 benefit over the established number of months by the amount of  
17 the otherwise applicable contribution; or a combination  
18 thereof. To the extent permitted under the Internal Revenue  
19 Code of 1986, as amended, for federal and State tax purposes,  
20 the monthly amount by which the annuitant's benefit is reduced  
21 shall not be treated as a contribution by the annuitant, but  
22 rather as a reduction of the annuitant's monthly benefit.

23       If a member makes an election under this subsection (c) and  
24 the contributions required in items (1) and (2) of this  
25 subsection (c) are not paid in full, an additional one-time  
26 lump sum refund representing contributions made following the

1 previous refund shall be provided to the named beneficiary or  
2 beneficiaries on file with the System or, if none, to the  
3 member's estate, when the member dies.

4 (Source: P.A. 87-794.)

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