



## 101ST GENERAL ASSEMBLY

### State of Illinois

### 2019 and 2020

### SB2022

Introduced 2/15/2019, by Sen. Heather A. Steans

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-159

from Ch. 108 1/2, par. 7-159

Amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. Provides that any surviving spouse of an annuitant who (1) retired prior to June 1, 2011, (2) was not married on the date the retirement annuity began, (3) received a specified refund of survivor credits, and (4) died prior to the implementation of Public Act 99-682, which allowed certain annuitants who received a refund of contributions for survivor benefits to elect to repay the refund and have their survivor benefit rights reinstated, may, within a period of one year beginning 5 months after the effective date of the amendatory Act, make an election to re-establish rights to a surviving spouse annuity by paying to the Fund: (1) the total amount of the refund received for survivor credits; and (2) interest thereon at the actuarially assumed rate of return from the date of the refund to the date of payment. Provides that the surviving spouse must also provide documentation proving he or she was married to the annuitant at the time of death and has not subsequently remarried. Provides that the Fund may allow the surviving spouse to repay this refund over a period of not more than 24 months. Provides that, for federal and State tax purposes and to the extent permitted by law, if a surviving spouse pays in monthly installments by reducing the monthly benefit by the amount of the otherwise applicable contribution, the monthly amount by which the surviving spouse's benefit is reduced shall not be treated as a contribution by the surviving spouse but rather as a reduction of the surviving spouse's monthly benefit. Effective immediately.

LRB101 10996 RPS 56182 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 Section 7-159 as follows:

6 (40 ILCS 5/7-159) (from Ch. 108 1/2, par. 7-159)

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

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

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

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

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

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

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

26 may, within a period of one year beginning 5 months after the

1 effective date of this amendatory Act of the 99th General  
2 Assembly, make an election to re-establish rights to a  
3 surviving spouse annuity under Sections 7-154 through 7-158  
4 (notwithstanding the eligibility requirements of paragraph  
5 (a) (1) of Section 7-154), by paying to the Fund: (1) the total  
6 amount of the refund received for survivor credits; and (2)  
7 interest thereon at the actuarially assumed rate of return from  
8 the date of the refund to the date of payment. Such election  
9 must be made prior to the date of death of the annuitant.

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

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

1       (d) Any surviving spouse of an annuitant who (1) retired  
2 prior to June 1, 2011, (2) was not married on the date the  
3 retirement annuity began, (3) received a refund of survivor  
4 credits under subsection (a), and (4) died prior to the  
5 implementation of Public Act 99-682 may, within a period of one  
6 year, beginning 5 months after the effective date of this  
7 amendatory Act of the 101st General Assembly, make an election  
8 to re-establish rights to a surviving spouse annuity under  
9 Sections 7-154 through 7-158 (notwithstanding the eligibility  
10 requirements of paragraph (a) of subsection (1) of Section  
11 7-154), by paying to the Fund: (i) the total amount of the  
12 refund received for survivor credits; and (ii) interest thereon  
13 at the actuarially assumed rate of return from the date of the  
14 refund to the date of payment. The surviving spouse must also  
15 provide documentation proving he or she was married to the  
16 annuitant at the time of death and has not subsequently  
17 remarried. This proof must include a marriage certificate and  
18 any other supporting documents deemed necessary by the Fund.

19       The Fund may allow the surviving spouse to repay this  
20 refund over a period of not more than 24 months. To the extent  
21 permitted by the Internal Revenue Code of 1986, as amended, for  
22 federal and State tax purposes, if a surviving spouse pays in  
23 monthly installments by reducing the monthly benefit by the  
24 amount of the otherwise applicable contribution, the monthly  
25 amount by which the surviving spouse's benefit is reduced shall  
26 not be treated as a contribution by the surviving spouse but

1 rather as a reduction of the surviving spouse's monthly  
2 benefit.

3 (Source: P.A. 99-682, eff. 7-29-16.)

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