



## 102ND GENERAL ASSEMBLY

### State of Illinois

### 2021 and 2022

### SB0043

Introduced 1/29/2021, by Sen. Robert F. Martwick

#### SYNOPSIS AS INTRODUCED:

40 ILCS 5/2-121.3	from Ch. 108 1/2, par. 2-121.3
40 ILCS 5/7-141	from Ch. 108 1/2, par. 7-141
40 ILCS 5/14-121.1	from Ch. 108 1/2, par. 14-121.1
40 ILCS 5/15-135	from Ch. 108 1/2, par. 15-135
40 ILCS 5/16-142.3	from Ch. 108 1/2, par. 16-142.3
40 ILCS 5/18-128.3	from Ch. 108 1/2, par. 18-128.3
30 ILCS 805/8.45 new	

Amends the Illinois Pension Code. In the Illinois Municipal Retirement Fund (IMRF) Article, provides that retirement annuities shall be payable upon attainment of the required age of distribution under a specified provision of the Internal Revenue Code of 1986 (instead of age 70 1/2). In the State Universities Article, provides that if a participant is not an employee of an employer participating in the System or in a reciprocal system on April 1 of the calendar year next following the calendar year in which the participant attains the age specified under a provision of the Internal Revenue Code of 1986 (instead of the age of 70 1/2), the annuity payment period shall begin on that date. In a provision of the Downstate Teacher Article concerning the required distribution of monthly survivor benefits for certain persons, provides that the distribution shall become payable on certain dates or December 1 of the calendar year in which the deceased member or annuitant would have attained age 72 (instead of 70 1/2), whichever occurs latest. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB102 00209 RPS 10211 b

FISCAL NOTE ACT  
MAY APPLY

PENSION IMPACT  
NOTE ACT MAY  
APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

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  
5 changing Sections 2-121.3, 7-141, 14-121.1, 15-135, 16-142.3,  
6 and 18-128.3 as follows:

7 (40 ILCS 5/2-121.3) (from Ch. 108 1/2, par. 2-121.3)

8 Sec. 2-121.3. Required distributions.

9 (a) A person who would be eligible to receive a survivor's  
10 annuity under this Article but for the fact that the person has  
11 not yet attained age 50, shall be eligible for a monthly  
12 distribution under this subsection (a), provided that the  
13 payment of such distribution is required by federal law.

14 The distribution shall become payable on (i) July 1, 1987,  
15 (ii) December 1 of the calendar year immediately following the  
16 calendar year in which the deceased spouse died, or (iii)  
17 December 1 of the calendar year in which the deceased spouse  
18 would have attained age 72 ~~70-1/2~~, whichever occurs last, and  
19 shall remain payable until the first of the following to  
20 occur: (1) the person becomes eligible to receive a survivor's  
21 annuity under this Article; (2) the end of the month in which  
22 the person ceases to be eligible to receive a survivor's  
23 annuity upon attainment of age 50, due to remarriage or death;

1 or (3) the end of the month in which such distribution ceases  
2 to be required by federal law.

3 The amount of the distribution shall be fixed at the time  
4 the distribution first becomes payable, and shall be  
5 calculated in the same manner as a survivor's annuity under  
6 Sections 2-121, 2-121.1 and 2-121.2, but excluding: (A) any  
7 requirement for an application for the distribution; (B) any  
8 automatic annual increases, supplemental increases, or  
9 one-time increases that may be provided by law for survivor's  
10 annuities; and (C) any lump-sum or death benefit.

11 (b) For the purpose of this Section, a distribution shall  
12 be deemed to be required by federal law if: (1) directly  
13 mandated by federal statute, rule, or administrative or court  
14 decision; or (2) indirectly mandated through imposition of  
15 substantial tax or other penalties for noncompliance.

16 (c) Notwithstanding Section 1-103.1 of this Code, a member  
17 need not be in service on or after the effective date of this  
18 amendatory Act of 1989 for the member's surviving spouse to be  
19 eligible for a distribution under this Section.

20 (Source: P.A. 86-273.)

21 (40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)

22 Sec. 7-141. Retirement annuities; conditions ~~annuities~~  
23 ~~Conditions~~. Retirement annuities shall be payable as  
24 hereinafter set forth:

25 (a) A participating employee who, regardless of cause, is

1 separated from the service of all participating municipalities  
2 and instrumentalities thereof and participating  
3 instrumentalities shall be entitled to a retirement annuity  
4 provided:

5 1. He is at least age 55, or in the case of a person  
6 who is eligible to have his annuity calculated under  
7 Section 7-142.1, he is at least age 50;

8 2. He is not entitled to receive earnings for  
9 employment in a position requiring him, or entitling him  
10 to elect, to be a participating employee;

11 3. The amount of his annuity, before the application  
12 of paragraph (b) of Section 7-142 is at least \$10 per  
13 month;

14 4. If he first became a participating employee after  
15 December 31, 1961, he has at least 8 years of service. This  
16 service requirement shall not apply to any participating  
17 employee, regardless of participation date, if the General  
18 Assembly terminates the Fund.

19 (b) Retirement annuities shall be payable:

20 1. As provided in Section 7-119;

21 2. Except as provided in item 3, upon receipt by the  
22 fund of a written application. The effective date may be  
23 not more than one year prior to the date of the receipt by  
24 the fund of the application;

25 3. Upon attainment of the required age of distribution  
26 under Section 401(a)(9) of the Internal Revenue Code of

1        1986, as amended, ~~age 70 1/2~~ if the member (i) is no longer  
2        in service, and (ii) is otherwise entitled to an annuity  
3        under this Article;

4            4. To the beneficiary of the deceased annuitant for  
5        the unpaid amount accrued to date of death, if any.

6        (Source: P.A. 97-328, eff. 8-12-11; 97-609, eff. 1-1-12.)

7            (40 ILCS 5/14-121.1) (from Ch. 108 1/2, par. 14-121.1)

8            Sec. 14-121.1. Required distributions.

9            (a) A person who would be eligible to receive a widow's or  
10        survivor's annuity under this Article but for the fact that  
11        the person has not yet attained age 50, shall be eligible for a  
12        monthly distribution under this subsection (a), provided that  
13        the payment of such distribution is required by federal law.

14            The distribution shall become payable on (i) July 1, 1987,  
15        (ii) December 1 of the calendar year immediately following the  
16        calendar year in which the deceased spouse died, or (iii)  
17        December 1 of the calendar year in which the deceased spouse  
18        would have attained age 72 ~~70 1/2~~, whichever occurs last, and  
19        shall remain payable until the first of the following to  
20        occur: (1) the person becomes eligible to receive a widow's or  
21        survivor's annuity under this Article; (2) the end of the  
22        month in which the person ceases to be eligible to receive a  
23        widow's or survivor's annuity upon attainment of age 50, due  
24        to remarriage or death; or (3) the end of the month in which  
25        such distribution ceases to be required by federal law.

1           The amount of the distribution shall be fixed at the time  
2 the distribution first becomes payable, and shall be  
3 calculated in the same manner as a survivor's annuity under  
4 Sections 14-120, 14-121 and 14-122 (or, in the case of a person  
5 who has elected to receive a widow's annuity instead of a  
6 survivor's annuity, in the same manner as the widow's annuity  
7 under Sections 14-118 and 14-119), but excluding: (A) any  
8 requirement for an application for the distribution; (B) any  
9 automatic annual increases, supplemental increases, or  
10 one-time increases that may be provided by law for survivor's  
11 or widow's annuities; and (C) any lump-sum or death benefit.

12           (b) For the purpose of this Section, a distribution shall  
13 be deemed to be required by federal law if: (1) directly  
14 mandated by federal statute, rule, or administrative or court  
15 decision; or (2) indirectly mandated through imposition of  
16 substantial tax or other penalties for noncompliance.

17           (c) Notwithstanding Section 1-103.1 of this Code, a member  
18 need not be in service on or after the effective date of this  
19 amendatory Act of 1989 for the member's surviving spouse to be  
20 eligible for a distribution under this Section.

21           (Source: P.A. 86-273.)

22           (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

23           Sec. 15-135. Retirement annuities; conditions ~~annuities~~  
24 ~~Conditions.~~

25           (a) This subsection (a) applies only to a Tier 1 member. A

1 participant who retires in one of the following specified  
2 years with the specified amount of service is entitled to a  
3 retirement annuity at any age under the retirement program  
4 applicable to the participant:

5 35 years if retirement is in 1997 or before;

6 34 years if retirement is in 1998;

7 33 years if retirement is in 1999;

8 32 years if retirement is in 2000;

9 31 years if retirement is in 2001;

10 30 years if retirement is in 2002 or later.

11 A participant with 8 or more years of service after  
12 September 1, 1941, is entitled to a retirement annuity on or  
13 after attainment of age 55.

14 A participant with at least 5 but less than 8 years of  
15 service after September 1, 1941, is entitled to a retirement  
16 annuity on or after attainment of age 62.

17 A participant who has at least 25 years of service in this  
18 system as a police officer or firefighter is entitled to a  
19 retirement annuity on or after the attainment of age 50, if  
20 Rule 4 of Section 15-136 is applicable to the participant.

21 (a-5) A Tier 2 member is entitled to a retirement annuity  
22 upon written application if he or she has attained age 67 and  
23 has at least 10 years of service credit and is otherwise  
24 eligible under the requirements of this Article. A Tier 2  
25 member who has attained age 62 and has at least 10 years of  
26 service credit and is otherwise eligible under the

1 requirements of this Article may elect to receive the lower  
2 retirement annuity provided in subsection (b-5) of Section  
3 15-136 of this Article.

4 (a-10) A Tier 2 member who has at least 20 years of service  
5 in this system as a police officer or firefighter is entitled  
6 to a retirement annuity upon written application on or after  
7 the attainment of age 60 if Rule 4 of Section 15-136 is  
8 applicable to the participant. The changes made to this  
9 subsection by this amendatory Act of the 101st General  
10 Assembly apply retroactively to January 1, 2011.

11 (b) The annuity payment period shall begin on the date  
12 specified by the participant or the recipient of a disability  
13 retirement annuity submitting a written application. For a  
14 participant, the date on which the annuity payment period  
15 begins shall not be prior to termination of employment or more  
16 than one year before the application is received by the board;  
17 however, if the participant is not an employee of an employer  
18 participating in this System or in a participating system as  
19 defined in Article 20 of this Code on April 1 of the calendar  
20 year next following the calendar year in which the participant  
21 attains the age specified under Section 401(a)(9) of the  
22 Internal Revenue Code of 1986, as amended ~~70-1/2~~, the annuity  
23 payment period shall begin on that date regardless of whether  
24 an application has been filed. For a recipient of a disability  
25 retirement annuity, the date on which the annuity payment  
26 period begins shall not be prior to the discontinuation of the



1 disability retirement annuity under Section 15-153.2.

2 (c) An annuity is not payable if the amount provided under  
3 Section 15-136 is less than \$10 per month.

4 (Source: P.A. 100-556, eff. 12-8-17; 101-610, eff. 1-1-20.)

5 (40 ILCS 5/16-142.3) (from Ch. 108 1/2, par. 16-142.3)  
6 Sec. 16-142.3. Required distributions.

7 (a) A person who would be eligible to receive a monthly  
8 survivor benefit under this Article but for the fact that the  
9 person has not yet attained age 50, and who has not elected to  
10 receive a lump sum distribution under subsection (a) of  
11 Section 16-141, shall be eligible for a monthly distribution  
12 under this subsection (a), provided that the payment of such  
13 distribution is required by federal law.

14 The distribution shall become payable on (i) July 1, 1987,  
15 (ii) December 1 of the calendar year immediately following the  
16 calendar year in which the member or annuitant died, or (iii)  
17 December 1 of the calendar year in which the deceased member or  
18 annuitant would have attained age 72 ~~70-1/2~~, whichever occurs  
19 latest, and shall remain payable until the first of the  
20 following to occur: (1) the person becomes eligible to receive  
21 a monthly survivor benefit under this Article; (2) the day  
22 following the date on which the member ceases to be eligible to  
23 receive a monthly survivor benefit upon attainment of age 50,  
24 due to remarriage or death; or (3) the day on which such  
25 distribution ceases to be required by federal law.

1           The amount of the distribution shall be fixed at the time  
2 the distribution first becomes payable, and shall be  
3 calculated in the same manner as the monthly survivor benefit  
4 under Sections 16-141, 16-142, 16-142.1 and 16-142.2, but  
5 excluding any automatic annual increases, supplemental  
6 increases, or one-time increases that may be provided by law  
7 for monthly survivor benefits.

8           (b) For the purpose of this Section, a distribution shall  
9 be deemed to be required by federal law if: (1) directly  
10 mandated by federal statute, rule, or administrative or court  
11 decision; or (2) indirectly mandated through imposition of  
12 substantial tax or other penalties for noncompliance.

13           (c) Notwithstanding Section 1-103.1 of this Code, a member  
14 need not be in service on or after the effective date of this  
15 amendatory Act of 1989 for the member's surviving spouse to be  
16 eligible for a distribution under this Section.

17           (Source: P.A. 86-273.)

18           (40 ILCS 5/18-128.3) (from Ch. 108 1/2, par. 18-128.3)

19           Sec. 18-128.3. Required distributions.

20           (a) A person who would be eligible to receive a survivor's  
21 annuity under this Article but for the fact that the person has  
22 not yet attained age 50, shall be eligible for a monthly  
23 distribution under this subsection (a), provided that the  
24 payment of such distribution is required by federal law.

25           The distribution shall become payable on (i) July 1, 1987,

1 (ii) December 1 of the calendar year immediately following the  
2 calendar year in which the deceased spouse died, or (iii)  
3 December 1 of the calendar year in which the deceased spouse  
4 would have attained age 72 ~~70-1/2~~, whichever occurs last, and  
5 shall remain payable until the first of the following to  
6 occur: (1) the person becomes eligible to receive a survivor's  
7 annuity under this Article; (2) the end of the month in which  
8 the person ceases to be eligible to receive a survivor's  
9 annuity upon attainment of age 50, due to remarriage or death;  
10 or (3) the end of the month in which such distribution ceases  
11 to be required by federal law.

12 The amount of the distribution shall be fixed at the time  
13 the distribution first becomes payable, and shall be  
14 calculated in the same manner as a survivor's annuity under  
15 Sections 18-128 through 18-128.2, but excluding: (A) any  
16 requirement for an application for the distribution; (B) any  
17 automatic annual increases, supplemental increases, or  
18 one-time increases that may be provided by law for survivor's  
19 annuities; and (C) any lump-sum or death benefit.

20 (b) For the purpose of this Section, a distribution shall  
21 be deemed to be required by federal law if: (1) directly  
22 mandated by federal statute, rule, or administrative or court  
23 decision; or (2) indirectly mandated through imposition of  
24 substantial tax or other penalties for noncompliance.

25 (c) Notwithstanding Section 1-103.1 of this Code, a member  
26 need not be in service on or after the effective date of this

1 amendatory Act of 1989 for the member's surviving spouse to be  
2 eligible for a distribution under this Section.

3 (Source: P.A. 86-273.)

4 Section 90. The State Mandates Act is amended by adding  
5 Section 8.45 as follows:

6 (30 ILCS 805/8.45 new)

7 Sec. 8.45. Exempt mandate. Notwithstanding Sections 6 and  
8 8 of this Act, no reimbursement by the State is required for  
9 the implementation of any mandate created by this amendatory  
10 Act of the 102nd General Assembly.

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