

1 AN ACT in relation to 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 14-114, 14-119, 14-121, and 14-128 as
6 follows:

7 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)
8 Sec. 14-114. Automatic increase in retirement annuity.

9 (a) Any person receiving a retirement annuity under this
10 Article who retires having attained age 60, or who retires
11 before age 60 having at least 35 years of creditable service
12 (or at least 20 years of eligible creditable service as
13 defined in Section 14-110), or who retires on or after
14 January 1, 2001 at an age which, when added to the number of
15 years of his or her creditable service, equals at least 85,
16 shall, on January 1 next following the first full year of
17 retirement, have the amount of the then fixed and payable
18 monthly retirement annuity increased 3%.

19 Any person receiving a retirement annuity under this
20 Article who retires before attainment of age 60 and with less
21 than (i) 35 years of creditable service if retirement is
22 before January 1, 2001, or (ii) the number of years of
23 creditable service which, when added to the member's age,
24 would equal 85, if retirement is on or after January 1, 2001,
25 shall have the amount of the fixed and payable retirement
26 annuity increased by 3% on the January 1 occurring on or next
27 following (1) attainment of age 60, or (2) the first
28 anniversary of retirement, whichever occurs later.

29 Until January 1, 2004 however, for persons who receive
30 the alternative retirement annuity under Section 14-110,
31 references in this subsection (a) to attainment of age 60

1 shall be deemed to refer to attainment of age 55. Beginning
2 January 1, 2004, the age requirement does not apply to
3 persons who are receiving an alternative retirement annuity
4 under Section 14-110. Any person who began receiving an
5 alternative retirement annuity under Section 14-110 on or
6 before January 1, 2003 and has not received the first annual
7 increase under this Section shall be entitled to that initial
8 increase on January 1, 2004.

9 For a person receiving early retirement incentives under
10 Section 14-108.3 whose retirement annuity began after January
11 1, 1992 pursuant to an extension granted under subsection (e)
12 of that Section, the first anniversary of retirement shall be
13 deemed to be January 1, 1993. For a person who retires on or
14 after June 28, 2001 and on or before October 1, 2001, and
15 whose retirement annuity is calculated, in whole or in part,
16 under Section 14-110 or subsection (g) or (h) of Section
17 14-108, the first anniversary of retirement shall be deemed
18 to be January 1, 2002.

19 On each January 1 following the date of the initial
20 increase under this subsection, the employee's monthly
21 retirement annuity shall be increased by an additional 3%.

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

27 Beginning January 1, 2004, all automatic annual increases
28 payable under this Section to persons who receive the
29 alternative retirement annuity under Section 14-110 shall be
30 calculated at the rate of 4% rather than 3%.

31 (b) The provisions of subsection (a) of this Section
32 shall be applicable to an employee only if the employee makes
33 the additional contributions required after December 31, 1969
34 for the purpose of the automatic increases for not less than

1 the equivalent of one full year. If an employee becomes an
2 annuitant before his additional contributions equal one full
3 year's contributions based on his salary at the date of
4 retirement, the employee may pay the necessary balance of the
5 contributions to the system, without interest, and be
6 eligible for the increasing annuity authorized by this
7 Section.

8 (c) The provisions of subsection (a) of this Section
9 shall not be applicable to any annuitant who is on retirement
10 on December 31, 1969, and thereafter returns to State
11 service, unless the member has established at least one year
12 of additional creditable service following reentry into
13 service.

14 (d) In addition to other increases which may be provided
15 by this Section, on January 1, 1981 any annuitant who was
16 receiving a retirement annuity on or before January 1, 1971
17 shall have his retirement annuity then being paid increased
18 \$1 per month for each year of creditable service. On January
19 1, 1982, any annuitant who began receiving a retirement
20 annuity on or before January 1, 1977, shall have his
21 retirement annuity then being paid increased \$1 per month for
22 each year of creditable service.

23 On January 1, 1987, any annuitant who began receiving a
24 retirement annuity on or before January 1, 1977, shall have
25 the monthly retirement annuity increased by an amount equal
26 to 8¢ per year of creditable service times the number of
27 years that have elapsed since the annuity began.

28 (e) Every person who receives the alternative retirement
29 annuity under Section 14-110 and who is eligible to receive
30 the 3% increase under subsection (a) on January 1, 1986,
31 shall also receive on that date a one-time increase in
32 retirement annuity equal to the difference between (1) his
33 actual retirement annuity on that date, including any
34 increases received under subsection (a), and (2) the amount

1 of retirement annuity he would have received on that date if
2 the amendments to subsection (a) made by Public Act 84-162
3 had been in effect since the date of his retirement.

4 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
5 92-651, eff. 7-11-02.)

6 (40 ILCS 5/14-119) (from Ch. 108 1/2, par. 14-119)
7 Sec. 14-119. Amount of widow's annuity.

8 (a) The widow's annuity shall be 50% of the amount of
9 retirement annuity payable to the member on the date of death
10 while on retirement if an annuitant, or on the date of his
11 death while in service if an employee, regardless of his age
12 on such date, or on the date of withdrawal if death occurred
13 after termination of service under the conditions prescribed
14 in the preceding Section.

15 (b) If an eligible widow, regardless of age, has in her
16 care any unmarried child or children of the member under age
17 18 (under age 22 if a full-time student), the widow's annuity
18 shall be increased in the amount of 5% of the retirement
19 annuity for each such child, but the combined payments for a
20 widow and children shall not exceed 66 2/3% of the member's
21 earned retirement annuity.

22 The amount of retirement annuity from which the widow's
23 annuity is derived shall be that earned by the member without
24 regard to whether he attained age 60 prior to his withdrawal
25 under the conditions stated or prior to his death.

26 (c) Adopted children shall be considered as children of
27 the member only if the proceedings for adoption were
28 commenced at least 1 year prior to the member's death.

29 Marriage of a child shall render the child ineligible for
30 further consideration in the increase in the amount of the
31 widow's annuity.

32 Attainment of age 18 (age 22 if a full-time student)
33 shall render a child ineligible for further consideration in

1 the increase of the widow's annuity, but the annuity to the
2 widow shall be continued thereafter, without regard to her
3 age at that time.

4 (d) A widow's annuity payable on account of any covered
5 employee who shall have been a covered employee for at least
6 18 months shall be reduced by 1/2 of the amount of survivors
7 benefits to which his beneficiaries are eligible under the
8 provisions of the Federal Social Security Act, except that
9 (1) the amount of any widow's annuity payable under this
10 Article shall not be reduced by reason of any increase under
11 that Act which occurs after the offset required by this
12 subsection is first applied to that annuity, and (2) for
13 benefits granted on or after January 1, 1992, the offset
14 under this subsection (d) shall not exceed 50% of the amount
15 of widow's annuity otherwise payable.

16 (e) Upon the death of a recipient of a widow's annuity
17 the excess, if any, of the member's accumulated
18 contributions plus credited interest over all annuity
19 payments to the member and widow, exclusive of the \$500 lump
20 sum payment, shall be paid to the named beneficiary of the
21 widow, or if none has been named, to the estate of the widow,
22 provided no reversionary annuity is payable.

23 (f) On January 1, 1981, any recipient of a widow's
24 annuity who was receiving a widow's annuity on or before
25 January 1, 1971, shall have her widow's annuity then being
26 paid increased by 1% for each full year which has elapsed
27 from the date the widow's annuity began. On January 1, 1982,
28 any recipient of a widow's annuity who began receiving a
29 widow's annuity after January 1, 1971, but before January 1,
30 1981, shall have her widow's annuity then being paid
31 increased by 1% for each full year which has elapsed from the
32 date the widow's annuity began. On January 1, 1987, any
33 recipient of a widow's annuity who began receiving the
34 widow's annuity on or before January 1, 1977, shall have the

1 monthly widow's annuity increased by \$1 for each full year
2 which has elapsed since the date the annuity began.

3 (g) Beginning January 1, 1990, every widow's annuity
4 shall be increased (1) on each January 1 occurring on or
5 after the commencement of the annuity if the deceased member
6 died while receiving a retirement annuity, or (2) in other
7 cases, on each January 1 occurring on or after the first
8 anniversary of the commencement of the annuity, by an amount
9 equal to 3% of the current amount of the annuity, including
10 any previous increases under this Article. Such increases
11 shall apply without regard to whether the deceased member was
12 in service on or after the effective date of Public Act
13 86-1488, but shall not accrue for any period prior to January
14 1, 1990.

15 Beginning January 1, 2004, all automatic annual increases
16 payable under this subsection to widows of persons who
17 received or were eligible to receive an alternative
18 retirement annuity under Section 14-110 shall be calculated
19 at the rate of 4% rather than 3%.

20 (Source: P.A. 90-448, eff. 8-16-97.)

21 (40 ILCS 5/14-121) (from Ch. 108 1/2, par. 14-121)
22 Sec. 14-121. Amount of survivors annuity. A survivors
23 annuity beneficiary shall be entitled upon death of the
24 member to a single sum payment of \$1,000, payable pro rata
25 among all persons entitled thereto, together with a survivors
26 annuity payable at the rates and under the conditions
27 specified in this Article.

28 (a) If the survivors annuity beneficiary is a spouse,
29 the survivors annuity shall be 30% of final average
30 compensation subject to a maximum payment of \$400 per month.

31 (b) If an eligible child or children under the care of a
32 spouse also survives the member, such spouse as natural
33 guardian of the child or children shall receive, in addition

1 to the foregoing annuity, 20% of final average compensation
2 on account of each such child and 10% of final average
3 compensation divided pro rata among such children, subject to
4 a maximum payment on account of all survivor annuity
5 beneficiaries of \$600 per month, or 80% of the member's final
6 average compensation, whichever is the lesser.

7 (c) If the survivors annuity beneficiary or
8 beneficiaries consists of an unmarried child or children, the
9 amount of survivors annuity shall be 20% of final average
10 compensation to each child, and 10% of final average
11 compensation divided pro rata among all such children
12 entitled to such annuity, subject to a maximum payment to all
13 children combined of \$600 per month or 80% of the member's
14 final average compensation, whichever is the lesser.

15 (d) If the survivors annuity beneficiary is one or more
16 dependent parents, the annuity shall be 20% of final average
17 compensation to each parent and 10% of final average
18 compensation divided pro rata among the parents who qualify
19 for this annuity, subject to a maximum payment to both
20 dependent parents of \$400 per month.

21 (e) The survivors annuity to the spouse, children or
22 dependent parents of a member whose death occurs after the
23 date of last withdrawal, or after retirement, or while in
24 service following reentry into service after retirement but
25 before completing 1 1/2 years of additional creditable
26 service, shall not exceed the lesser of 80% of the member's
27 earned retirement annuity at the date of death or the maximum
28 previously established in this Section.

29 (f) In applying the limitation prescribed on the
30 combined payments to 2 or more survivors annuity
31 beneficiaries, the annuity on account of each beneficiary
32 shall be reduced pro rata until such time as the number of
33 beneficiaries makes the reduction no longer applicable.

34 (g) A survivors annuity payable on account of any

1 covered employee who shall have been a covered employee for
2 at least 18 months at date of death or last withdrawal,
3 whichever is the later, shall be reduced by 1/2 of the
4 survivors benefits to which his beneficiaries are eligible
5 under the federal Social Security Act, except that (1) the
6 survivors annuity payable under this Article shall not be
7 reduced by any increase under that Act which occurs after the
8 offset required by this subsection is first applied to that
9 annuity, and (2) for benefits granted on or after January 1,
10 1992, the offset under this subsection (g) shall not exceed
11 50% of the amount of survivors annuity otherwise payable.

12 (h) The minimum payment to a beneficiary hereunder shall
13 be \$60 per month, which shall be reduced in accordance with
14 the limitation prescribed on the combined payments to all
15 beneficiaries of a member.

16 (i) Subject to the conditions set forth in Section
17 14-120, the minimum total survivors annuity benefit payable
18 to the survivors annuity beneficiaries of a deceased member
19 or annuitant whose death occurs on or after January 1, 1984,
20 shall be 50% of the amount of retirement annuity that was or
21 would have been payable to the deceased on the date of death,
22 regardless of the age of the deceased on such date. If the
23 minimum total benefit provided by this subsection exceeds the
24 maximum otherwise imposed by this Section, the minimum total
25 benefit shall nevertheless be payable. Any increase in the
26 total survivors annuity benefit resulting from the operation
27 of this subsection shall be divided among the survivors
28 annuity beneficiaries of the deceased in proportion to their
29 shares of the total survivors annuity benefit otherwise
30 payable under this Section.

31 (j) Any survivors annuity beneficiary whose annuity
32 terminates due to any condition specified in this Article
33 other than death shall be entitled to a refund of the excess,
34 if any, of the accumulated contributions of the member plus

1 credited interest over all payments to the member and
2 beneficiary or beneficiaries, exclusive of the single sum
3 payment of \$1,000, provided no future survivors or
4 reversionary annuity benefits are payable.

5 (k) Upon the death of the last eligible recipient of a
6 survivors annuity the excess, if any, of the member's
7 accumulated contributions plus credited interest over all
8 annuity payments to the member and survivors exclusive of the
9 single sum payment of \$1000, shall be paid to the named
10 beneficiary of the last eligible survivor, or if none has
11 been named, to the estate of the last eligible survivor,
12 provided no reversionary annuity is payable.

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

26 (m) Beginning January 1, 1990, every survivor's annuity
27 shall be increased (1) on each January 1 occurring on or
28 after the commencement of the annuity if the deceased member
29 died while receiving a retirement annuity, or (2) in other
30 cases, on each January 1 occurring on or after the first
31 anniversary of the commencement of the annuity, by an amount
32 equal to 3% of the current amount of the annuity, including
33 any previous increases under this Article. Such increases
34 shall apply without regard to whether the deceased member was

1 in service on or after the effective date of Public Act
2 86-1488, but shall not accrue for any period prior to January
3 1, 1990.

4 Beginning January 1, 2004, all automatic annual increases
5 payable under this subsection to survivors of persons who
6 received or were eligible to receive an alternative
7 retirement annuity under Section 14-110 shall be calculated
8 at the rate of 4% rather than 3%.

9 (Source: P.A. 86-273; 86-1488; 87-794.)

10 (40 ILCS 5/14-128) (from Ch. 108 1/2, par. 14-128)

11 Sec. 14-128. Occupational death benefit. An
12 occupational death benefit is provided for a member of the
13 System whose death, prior to retirement, is the proximate
14 result of bodily injuries sustained or a hazard undergone
15 while in the performance and within the scope of the member's
16 duties.

17 (a) Conditions for payment.

18 Exclusive of the lump sum payment provided for herein,
19 all annuities under this Section shall accrue and be payable
20 for complete calendar months, beginning on the first day of
21 the month next following the month in which the initiating
22 event occurs and ending on the last day of the month in which
23 the terminating event occurs.

24 The following named survivors of the member may be
25 eligible for an annuity under this Section:

26 (i) The member's spouse.

27 (ii) An unmarried child of the member under age 18
28 (under age 22 if a full-time student); an unmarried
29 stepchild under age 18 (under age 22 if a full-time
30 student) who has been such for at least one year at the
31 date of the member's death; an unmarried adopted child
32 under age 18 (under age 22 if a full-time student) if the
33 adoption proceedings were initiated at least one year

1 prior to the death of the member; and an unmarried child
2 over age 18 who is dependent by reason of a physical or
3 mental disability, for so long as such physical or mental
4 disability continues. For the purposes of this Section
5 disability means inability to engage in any substantial
6 gainful activity by reason of any medically determinable
7 physical or mental impairment which can be expected to
8 result in death or which has lasted or can be expected to
9 last for a continuous period of not less than 12 months.

10 (iii) If no spouse or eligible children survive: a
11 dependent parent of the member; a dependent step-parent
12 by a marriage contracted before the member attained age
13 18; or a dependent adopting parent by whom the member was
14 adopted before he or she attained age 18.

15 The term "dependent" relating to an occupational death
16 benefit means a survivor of the member who was receiving from
17 the member at the date of the member's death at least 1/2 of
18 the support for maintenance including board, lodging, medical
19 care and like living costs.

20 Payment of the annuity shall continue until the
21 occurrence of the following:

22 (1) remarriage before age 55 that occurs before the
23 effective date of this amendatory Act of the 91st General
24 Assembly or death, in the case of a surviving spouse;

25 (2) attainment of age 18 or termination of
26 disability, death, or marriage, in the case of an
27 eligible child;

28 (3) remarriage before age 55 or death, in the case
29 of a dependent parent.

30 If none of the aforementioned beneficiaries is living at
31 the date of death of the member, no occupational death
32 benefit shall be payable, but the nonoccupational death
33 benefit shall be payable as provided in this Article.

34 The change made to this subsection by this amendatory Act

1 of the 91st General Assembly (pertaining to remarriage prior
2 to age 55) applies without regard to whether the deceased
3 member was in service on or after the effective date of this
4 amendatory Act.

5 (b) Amount of benefit.

6 The member's accumulated contributions plus credited
7 interest shall be payable in a lump sum to such person as the
8 member has nominated by written direction, duly acknowledged
9 and filed with the Board, or if no such nomination to the
10 estate of the member. When an annuitant is re-employed by a
11 Department, the accumulated contributions plus credited
12 interest payable on the member's account shall, if the member
13 has not previously elected a reversionary annuity, consist of
14 the excess, if any, of the member's total accumulated
15 contributions plus credited interest for all creditable
16 service over the total amount of all retirement annuity
17 payments received by the member prior to death.

18 In addition to the foregoing payment, an annuity is
19 provided for eligible survivors as follows:

20 (1) If the survivor is a spouse only, the annuity
21 shall be 50% of the member's final average compensation.

22 (2) If the spouse has in his or her care an
23 eligible child or children, the annuity shall be
24 increased by an amount equal to 15% of the final average
25 compensation on account of each such child, subject to a
26 limitation on the combined annuities to a surviving
27 spouse and children of 75% of final average compensation.

28 (3) If there is no surviving spouse, or if the
29 surviving spouse dies or remarries while a child remains
30 eligible, then each such child shall be entitled to an
31 annuity of 15% of the deceased member's final average
32 compensation, subject to a limitation of 50% of final
33 average compensation to all such children.

34 (4) If there is no surviving spouse or eligible

1 children, then an annuity shall be payable to the
2 member's dependent parents, equal to 25% of final average
3 compensation to each such beneficiary.

4 If any annuity payable under this Section is less than
5 the corresponding survivors annuity, the beneficiary or
6 beneficiaries of the annuity under this Section may elect to
7 receive the survivors annuity and the nonoccupational death
8 benefit provided for in this Article in lieu of the annuity
9 provided under this Section.

10 (c) Occupational death claims pending adjudication by
11 the Industrial Commission or a ruling by the agency
12 responsible for determining the liability of the State under
13 the "Workers' Compensation Act" or "Workers' Occupational
14 Diseases Act" shall be payable under Sections 14-120 and
15 14-121 until a ruling or adjudication occurs, if the
16 beneficiary or beneficiaries: (1) meet all conditions for
17 payment as prescribed in this Article; and (2) execute an
18 assignment of benefits payable as a result of adjudication by
19 the Industrial Commission or a ruling by the agency
20 responsible for determining the liability of the State under
21 such Acts. The assignment shall be made to the System and
22 shall be for an amount equal to the excess of benefits paid
23 under Sections 14-120 and 14-121 over benefits payable as a
24 result of adjudication of the workers' compensation claim
25 computed from the date of death of the member.

26 (d) Every occupational death annuity payable under this
27 Section shall be increased on each January 1 occurring on or
28 after (i) January 1, 1990, or (ii) the first anniversary of
29 the commencement of the annuity, whichever occurs later, by
30 an amount equal to 3% of the current amount of the annuity,
31 including any previous increases under this Article, without
32 regard to whether the deceased member was in service on the
33 effective date of this amendatory Act of 1991.

34 Beginning January 1, 2004, all automatic annual increases

1 payable under this subsection to survivors of a person who,
2 on the last day of service, was earning eligible creditable
3 service as defined in Section 14-110 shall be calculated at
4 the rate of 4% rather than 3%.

5 (Source: P.A. 90-448, eff. 8-16-97; 91-887, eff. 7-6-00.)

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