



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

HB4575

Introduced 2/4/2004, by Ralph C. Capparelli

SYNOPSIS AS INTRODUCED:

See Index

Amends the Metropolitan Water Reclamation District Article of the Illinois Pension Code. Provides that a child's annuity is payable to a child who is over 18 years of age, but less than 23 years of age, if he or she is a full-time student. Eliminates the 3-day waiting period for the payment of a duty disability benefit for certain persons. Creates an interim disability benefit for an employee who has a pending workers' compensation claim or who is awaiting a final determination by the Industrial Commission. Provides a minimum annuity for certain retirees and surviving spouses. Authorizes employer pickup and tax-deferred status for contributions made toward the alternative plan for commissioners. With respect to the 5 years of service needed to establish eligibility for a disability retirement annuity, excludes service credit earned while on disability for new employees. Clarifies the calculation of service with respect to the Optional Plan. Allows an employee who has returned to service to repay a prior refund within the 90 days following his or her final withdrawal from service. Allows payment of a refund to certain nonvested employees who are under age 55 (rather than 50). Provides that the refund due to a person who enters service on or after the effective date of this amendatory Act and who must forfeit his or her pension because of a felony conviction shall be equal to his or her contributions (including amounts paid by the person to establish additional or optional credit), without interest, less the amount of any benefits paid to the person (including benefits paid to an alternate payee under a QILDRO). Provides that the refund shall not include employer contributions or any interest on contributions. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB093 20772 LRD 46673 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 changing
5 Sections 13-301, 13-302, 13-306, 13-308, 13-309, 13-310,
6 13-311, 13-314, 13-402, 13-502, 13-601, 13-603, and 13-807 and
7 adding Section 13-309.1 as follows:

8 (40 ILCS 5/13-301) (from Ch. 108 1/2, par. 13-301)

9 Sec. 13-301. Retirement annuity; eligibility. Any employee
10 who withdraws from service and meets the age and service
11 requirements and other conditions set forth in subsections (a),
12 (b), (c) or (d) hereof is entitled to receive a retirement
13 annuity.

14 (a) Withdrawal on or after age 60. Any employee, upon
15 withdrawal from service on or after attainment of age 60 and
16 having at least 5 years of service, is entitled to a retirement
17 annuity.

18 (b) Withdrawal on or after attainment of minimum retirement
19 qualifications and prior to age 60.

20 (1) Any employee, upon withdrawal from service on or
21 after attainment of age 55 (age 50 if the employee first
22 entered service before June 13, 1997) but prior to age 60
23 and having at least 10 years of service, is entitled to a
24 retirement annuity as of the date of withdrawal or, at the
25 option of the employee, at any time thereafter.

26 (2) Any employee who withdraws on or after attainment
27 of age 55 (age 50 if the employee first entered service
28 before June 13, 1997) and prior to age 60 having at least 5
29 years but less than 10 years of service is entitled to a
30 retirement annuity upon attainment of age 62, subject to
31 the other requirements of this Article.

32 (3) Any employee who withdraws from service on or after

1 attainment of age 50 but prior to age 60 and is eligible
2 for early retirement without discount under the Rule of 80
3 as provided in subsection (c) of Section 13-302 is entitled
4 to a retirement annuity at the time of withdrawal.

5 (c) Withdrawal prior to minimum retirement age. Any
6 employee, upon withdrawal from service prior to age 55 (age 50
7 if the employee first entered service before June 13, 1997) and
8 having at least 10 years of service, shall become entitled to a
9 retirement annuity upon attainment of age 55 (age 50 if the
10 employee first entered service before June 13, 1997) or, at the
11 option of the employee, at any time thereafter, subject to the
12 other requirements of this Article.

13 (d) Withdrawal while disabled. Any employee having at least
14 5 years of service who has received ordinary disability
15 benefits on or after January 1, 1986 for the maximum period of
16 time hereinafter prescribed, and who continues to be disabled
17 and withdraws from service, shall be entitled to a retirement
18 annuity. In the case of an employee who enters service after
19 the effective date of this amendatory Act of the 93rd General
20 Assembly, the required 5 years of service is exclusive of
21 service credit described in Section 13-313. The age and service
22 conditions as to eligibility for such annuity shall be waived
23 as to the employee, but the early retirement discount under
24 Section 13-302(b) shall apply. If the employee is under age 55
25 on the date of withdrawal, the retirement annuity shall be
26 computed by assuming that the employee is then age 55 and then
27 reduced to its actuarial equivalent at his attained age on that
28 date according to applicable mortality tables and interest
29 rates. The retirement annuity shall not be payable for any
30 period prior to the employee's attainment of age 55 during
31 which the employee is able to return to gainful employment.
32 Upon the employee's death while in receipt of a retirement
33 annuity, a surviving spouse or minor children shall be entitled
34 to receive a surviving spouse's annuity or child's annuity
35 subject to the conditions hereinafter prescribed in Sections
36 13-305 through 13-308.

1 (Source: P.A. 92-599, eff. 6-28-02.)

2 (40 ILCS 5/13-302) (from Ch. 108 1/2, par. 13-302)

3 Sec. 13-302. Computation of retirement annuity.

4 (a) Computation of annuity. An employee who withdraws from
5 service on or after July 1, 1989 and who has met the age and
6 service requirements and other conditions for eligibility set
7 forth in Section 13-301 of this Article is entitled to receive
8 a retirement annuity for life equal to 2.2% of average final
9 salary for each of the first 20 years of service, and 2.4% of
10 average final salary for each year of service in excess of 20.
11 The retirement annuity shall not exceed 80% of average final
12 salary.

13 (b) Early retirement discount. If an employee retires prior
14 to attainment of age 60 with less than 30 years of service, the
15 annuity computed above shall be reduced by 1/2 of 1% for each
16 full month between the date the annuity begins and attainment
17 of age 60, or each full month by which the employee's service
18 is less than 30 years, whichever is less. However, where the
19 employee first enters service after June 13, 1997 and does not
20 have at least 10 years of service exclusive of credit under
21 Article 20, the annuity computed above shall be reduced by 1/2
22 of 1% for each full month between the date the annuity begins
23 and attainment of age 60.

24 (c) Rule of 80 - Early retirement without discount. For an
25 employee who retires on or after January 1, 2003 but on or
26 before December 31, 2007, if the employee is eligible for a
27 retirement annuity under Section 13-301 and has at least 10
28 years of service exclusive of credit under Article 20 and if at
29 the date of withdrawal the employee's age when added to the
30 number of years of his or her creditable service equals at
31 least 80, the early retirement discount in subsection (b) of
32 this Section does not apply. For purposes of this Rule of 80,
33 portions of years shall be considered in whole months.

34 An employee who has terminated employment with the employer
35 under this Article prior to the effective date of this

1 amendatory Act of the 92nd General Assembly and subsequently
2 re-enters service must remain in service with the employer
3 under this Article for at least 2 years after re-entry during
4 the period beginning on January 1, 2003 and ending on December
5 31, 2007 to be entitled to early retirement without discount
6 under this subsection (c).

7 In the case of an employee who retires under the terms of
8 Article 20, eligibility for early retirement without discount
9 under this subsection (c) shall be based upon the employee's
10 age and service credit at the time of withdrawal from the final
11 fund.

12 (c-1) Early retirement without discount; retirement after
13 June 29, 1997 and before January 1, 2003. An employee who (i)
14 has attained age 55 (age 50 if the employee first entered
15 service before June 13, 1997), (ii) has at least 10 years of
16 service exclusive of credit under Article 20, (iii) retires
17 after June 29, 1997 and before January 1, 2003, and (iv)
18 retires within 6 months of the last day for which retirement
19 contributions were required, may elect at the time of
20 application to make a one-time employee contribution to the
21 Fund and thereby avoid the early retirement reduction specified
22 in subsection (b). The exercise of the election shall also
23 obligate the employer to make a one-time nonrefundable
24 contribution to the Fund.

25 The one-time employee and employer contributions shall be a
26 percentage of the retiring employee's highest full-time annual
27 salary, calculated as the total amount of salary included in
28 the highest 26 consecutive pay periods as used in the average
29 final salary calculation, and based on the employee's age and
30 service at retirement. The employee rate shall be 7% multiplied
31 by the lesser of the following 2 numbers: (1) the number of
32 years, or portion thereof, that the employee is less than age
33 60; or (2) the number of years, or portion thereof, that the
34 employee's service is less than 30 years. The employer
35 contribution shall be at the rate of 20% for each year, or
36 portion thereof, that the participant is less than age 60.

1 Upon receipt of the application, the Board shall determine
2 the corresponding employee and employer contributions. The
3 annuity shall not be payable under this subsection until both
4 the required contributions have been received by the Fund.
5 However, the date the contributions are received shall not be
6 considered in determining the effective date of retirement.

7 The number of employees who may retire under this Section
8 in any year may be limited at the option of the District to a
9 specified percentage of those eligible, not lower than 30%,
10 with the right to participate to be allocated among those
11 applying on the basis of seniority in the service of the
12 employer.

13 An employee who has terminated employment and subsequently
14 re-enters service shall not be entitled to early retirement
15 without discount under this subsection unless the employee
16 continues in service for at least 4 years after re-entry.

17 (d) Annual increase. Except for employees retiring and
18 receiving a term annuity, an employee who retires on or after
19 July 1, 1985 but before July 12, 2001, shall, upon the first
20 payment date following the first anniversary of the date of
21 retirement, have the monthly annuity increased by 3% of the
22 amount of the monthly annuity fixed at the date of retirement.
23 Except for employees retiring and receiving a term annuity, an
24 employee who retires on or after July 12, 2001 shall, on the
25 first day of the month in which the first anniversary of the
26 date of retirement occurs, have the monthly annuity increased
27 by 3% of the amount of the monthly annuity fixed at the date of
28 retirement. The monthly annuity shall be increased by an
29 additional 3% on the same date each year thereafter. Beginning
30 January 1, 1993, all annual increases payable under this
31 subsection (or any predecessor provision, regardless of the
32 date of retirement) shall be calculated at the rate of 3% of
33 the monthly annuity payable at the time of the increase,
34 including any increases previously granted under this Article.

35 Any employee who (i) retired before July 1, 1985 with at
36 least 10 years of creditable service, (ii) is receiving a

1 retirement annuity under this Article, other than a term
2 annuity, and (iii) has not received any annual increase under
3 this subsection, shall begin receiving the annual increases
4 provided under this subsection (d) beginning on the next
5 annuity payment date following June 13, 1997.

6 (e) Minimum retirement annuity. Beginning January 1, 1993,
7 the minimum monthly retirement annuity shall be \$500 for any
8 annuitant having at least 10 years of service under this
9 Article, other than a term annuitant or an annuitant who began
10 receiving the annuity before attaining age 60. Any such
11 annuitant who is receiving a monthly annuity of less than \$500
12 shall have the annuity increased to \$500 on that date.

13 Beginning January 1, 1993, the minimum monthly retirement
14 annuity shall be \$250 for any annuitant (other than a term or
15 reciprocal annuitant or an annuitant under subsection (d) of
16 Section 13-301) having less than 10 years of service under this
17 Article, and for any annuitant (other than a term annuitant)
18 having at least 10 years of service under this Article who
19 began receiving the annuity before attaining age 60. Any such
20 annuitant who is receiving a monthly annuity of less than \$250
21 shall have the annuity increased to \$250 on that date.

22 Beginning August 1, 2001 ~~on the first day of the month~~
23 ~~following the month in which this amendatory Act of the 92nd~~
24 ~~General Assembly takes effect~~ (and without regard to whether
25 the annuitant was in service on or after that effective date),
26 the minimum monthly retirement annuity for any annuitant having
27 at least 10 years of service, other than an annuitant whose
28 annuity is subject to an early retirement discount, shall be
29 \$500 plus \$25 for each year of service in excess of 10, not to
30 exceed \$750 for an annuitant with 20 or more years of service.
31 In the case of a reciprocal annuity, this minimum shall apply
32 only if the annuitant has at least 10 years of service under
33 this Article, and the amount of the minimum annuity shall be
34 reduced by the sum of all the reciprocal annuities payable to
35 the annuitant by other participating systems under Article 20
36 of this Code.

1 Notwithstanding any other provision of this subsection,
2 beginning on the first annuity payment date following July 12,
3 2001, an employee who retired before August 23, 1989 with at
4 least 10 years of service under this Article but before
5 attaining age 60 (regardless of whether the retirement annuity
6 was subject to an early retirement discount) shall be entitled
7 to the same minimum monthly retirement annuity under this
8 subsection as an employee who retired with at least 10 years of
9 service under this Article and after attaining age 60.

10 Notwithstanding any other provision of this subsection,
11 beginning on the first day of the month following the month in
12 which this amendatory Act of the 93rd General Assembly takes
13 effect (and without regard to whether the annuitant was in
14 service on or after that effective date), an employee who
15 retired on or after August 23, 1989 with at least 10 years of
16 service under this Article but before attaining age 60
17 (regardless of whether the retirement annuity was subject to an
18 early retirement discount), shall be entitled to the same
19 minimum monthly retirement annuity under this subsection as an
20 employee who retired with at least 10 years of service under
21 this Article and after attaining age 60.

22 (Source: P.A. 92-53, eff. 7-12-01; 92-599, eff. 6-28-02.)

23 (40 ILCS 5/13-306) (from Ch. 108 1/2, par. 13-306)

24 Sec. 13-306. Computation of surviving spouse's annuity.

25 (a) Computation of the annuity. The surviving spouse's
26 annuity shall be equal to 60% of the retirement annuity earned
27 and accrued to the credit of the deceased employee, whether
28 death occurs while in service or after withdrawal, plus 1% for
29 each year of total service of the employee to a maximum of 85%;
30 provided, however, that if the employee's death arises out of
31 and in the course of the employee's service to the employer and
32 is compensable under either the Illinois Workers' Compensation
33 Act or Illinois Workers' Occupational Diseases Act, the
34 surviving spouse's annuity is payable regardless of the
35 employee's length of service and shall be not less than 50% of

1 the employee's salary at the date of death.

2 For any death in service the early retirement discount
3 required under Section 13-302(b) shall not be applied in
4 computing the retirement annuity upon which is based the
5 surviving spouse's annuity.

6 (b) Reciprocal service. For any employee or annuitant who
7 retires on or after July 1, 1985 and whose death occurs after
8 January 1, 1991, having at least 15 years of service with the
9 employer under this Article, and who was eligible at the time
10 of death or elected at the time of retirement to have his or
11 her retirement annuity calculated as provided in Section 20-131
12 of this Code, the surviving spouse benefit shall be calculated
13 as of the date of the employee's death as indicated in
14 subsection (a) as a percentage of the employee's total benefit
15 as if all service had been with the employer. That benefit
16 shall then be reduced by the amounts payable by each of the
17 reciprocal funds as of the date of death so that the total
18 surviving spouse benefit at that date will be equal to the
19 benefit which would have been payable had all service been with
20 the employer under this Article.

21 (c) Discount for age differential. The annuity for a
22 surviving spouse shall be discounted by 0.25% for each full
23 month that the spouse is younger than the employee as of the
24 date of withdrawal from service or death in service to a
25 maximum discount of 60% of the surviving spouse annuity as
26 calculated under subsections (a), (b), and (e) of this Section.
27 The discount shall be reduced by 10% for each full year the
28 marriage has been in continuous effect as of the date of
29 withdrawal or death in service. There shall be no discount if
30 the marriage has been in continuous effect for 10 full years or
31 more at the time of withdrawal or death in service.

32 (d) Annual increase. Effective August 23, 1989, on the
33 first day of each calendar month in which there occurs an
34 anniversary of the employee's date of retirement or date of
35 death, whichever occurred first, the surviving spouse's
36 annuity, other than a term annuity under Section 13-307, shall

1 be increased by an amount equal to 3% of the amount of the
2 annuity. Beginning January 1, 1993, all annual increases
3 payable under this subsection (or any predecessor provision of
4 this Article) shall be calculated at the rate of 3% of the
5 monthly annuity payable at the time of the increase, including
6 any increases previously granted under this Article.

7 Beginning January 1, 1993, surviving spouse annuitants
8 whose deceased spouse died, retired or withdrew from service
9 before August 23, 1989 with at least 10 years of service under
10 this Article shall be eligible for the annual increases
11 provided under this subsection.

12 (e) Minimum surviving spouse's annuity.

13 (1) Beginning January 1, 1993, the minimum monthly
14 surviving spouse's annuity shall be \$500 for any annuitant
15 whose deceased spouse had at least 10 years of service
16 under this Article, other than a surviving spouse who is a
17 term annuitant or whose deceased spouse began receiving a
18 retirement annuity under this Article before attainment of
19 age 60. Any such surviving spouse annuitant who is
20 receiving a monthly annuity of less than \$500 shall have
21 the annuity increased to \$500 on that date.

22 Beginning January 1, 1993, the minimum monthly
23 surviving spouse's annuity shall be \$250 for any annuitant
24 (other than a term or reciprocal annuitant or an annuitant
25 survivor under subsection (d) of Section 13-301) whose
26 deceased spouse had less than 10 years of service under
27 this Article, and for any annuitant (other than a term
28 annuitant) whose deceased spouse had at least 10 years of
29 service under this Article and began receiving a retirement
30 annuity under this Article before attainment of age 60. Any
31 such surviving spouse annuitant who is receiving a monthly
32 annuity of less than \$250 shall have the annuity increased
33 to \$250 on that date.

34 (2) Beginning August 1, 2001 ~~on the first day of the~~
35 ~~month following the month in which this amendatory Act of~~
36 ~~the 92nd General Assembly takes effect~~ (and without regard

1 to whether the deceased spouse was in service on or after
2 that ~~effective~~ date), the minimum monthly surviving
3 spouse's annuity for any annuitant whose deceased spouse
4 had at least 10 years of service shall be the greater of
5 the following:

6 (A) An amount equal to \$500, plus \$25 for each year
7 of the deceased spouse's service in excess of 10, not
8 to exceed \$750 for an annuitant whose deceased spouse
9 had 20 or more years of service. This subdivision (A)
10 is not applicable if the deceased spouse received a
11 retirement annuity that was subject to an early
12 retirement discount.

13 (B) An amount equal to (i) 50% of the retirement
14 annuity earned and accrued to the credit of the
15 deceased spouse at the time of death, plus (ii) the
16 amount of any annual increases applicable to the
17 surviving spouse's annuity (including the amount of
18 any reversionary annuity) under subsection (d) before
19 ~~July 12, 2001 the effective date of this amendatory Act~~
20 ~~of the 92nd General Assembly~~. In any case in which a
21 refund of excess contributions for the surviving
22 spouse annuity has been paid by the Fund and the
23 surviving spouse annuity is increased due to the
24 application of this subdivision (B), the amount of that
25 refund shall be recovered by the Fund as an offset
26 against the amount of the increase in annuity arising
27 from the application of this subdivision (B).

28 In the case of a reciprocal annuity, the minimum
29 annuity calculated under this subdivision (e) (2) shall
30 apply only if the deceased spouse of the annuitant had
31 at least 10 years of service under this Article, and
32 the amount of the minimum annuity shall be reduced by
33 the sum of all the reciprocal annuities payable to the
34 annuitant by other participating systems under Article
35 20 of this Code.

36 The minimum annuity calculated under this

1 subdivision (e)(2) is in addition to the amount of any
2 reversionary annuity that may be payable.

3 (3) Beginning August 1, 2001 ~~on the first day of the~~
4 ~~month following the month in which this amendatory Act of~~
5 ~~the 92nd General Assembly takes effect~~ (and without regard
6 to whether the deceased spouse was in service on or after
7 that ~~effective~~ date), any surviving spouse who is receiving
8 a term annuity under Section 13-307 or any predecessor
9 provision of this Article may have that term annuity
10 recalculated and converted to a minimum surviving spouse
11 annuity under this subsection (e).

12 (4) Notwithstanding any other provision of this
13 subsection, beginning August 1, 2001 ~~on the first annuity~~
14 ~~payment date following the effective date of this~~
15 ~~amendatory Act of the 92nd General Assembly~~, an annuitant
16 whose deceased spouse retired before August 23, 1989 with
17 at least 10 years of service under this Article but before
18 attaining age 60 (regardless of whether the retirement
19 annuity was subject to an early retirement discount) shall
20 be entitled to the same minimum monthly surviving spouse's
21 annuity under this subsection as an annuitant whose
22 deceased spouse retired with at least 10 years of service
23 under this Article and after attaining age 60. Further
24 notwithstanding any other provision of this subsection,
25 beginning on the first day of the month following the month
26 in which this amendatory Act of the 93rd General Assembly
27 takes effect, an annuitant whose deceased spouse retired on
28 or after August 23, 1989 with at least 10 years of service
29 under this Article but before attaining age 60 (regardless
30 of whether the retirement annuity was subject to an early
31 retirement discount) shall be entitled to the same minimum
32 monthly surviving spouse's annuity under this subsection
33 as an annuitant whose deceased spouse retired with at least
34 10 years of service under this Article and after attaining
35 age 60.

36 (5) The minimum annuity provided under this subsection

1 (e) shall be subject to the age discount provided under
2 subsection (c) of this Section.

3 (Source: P.A. 92-53, eff. 7-12-01.)

4 (40 ILCS 5/13-308) (from Ch. 108 1/2, par. 13-308)
5 Sec. 13-308. Child's annuity.

6 (a) Eligibility. A child's annuity shall be provided for
7 each unmarried child under the age of 18 years (under the age
8 of 23 years in the case of a full-time student) whose employee
9 parent dies while in service, or whose deceased parent is an
10 annuitant or former employee with at least 10 years of
11 creditable service who did not take a refund of employee
12 contributions. Eligibility for benefits to unmarried children
13 over the age of 18 but under the age of 23 begins no earlier
14 than the first day of the month following the month in which
15 this amendatory Act of the 93rd General Assembly takes effect.

16 For purposes of this Section, "employee" includes a former
17 employee, and "child" means the issue of an employee, or a
18 child adopted by an employee if the proceedings for adoption
19 were instituted at least one year prior to the employee's
20 death.

21 Payments shall cease when a child attains the age of 18
22 years (age of 23 years in the case of a full-time student) or
23 marries, whichever first occurs. The annuity shall not be
24 payable unless the employee has been employed as an employee
25 for at least 36 months from the date of the employee's original
26 entry into service (at least 24 months in the case of an
27 employee who first entered service before June 13, ~~the~~
28 ~~effective date of this amendatory Act of 1997~~) and at least 12
29 months from the date of the employee's latest re-entry into
30 service; provided, however, that if death arises out of and in
31 the course of service to the employer and is compensable under
32 either the Illinois Workers' Compensation Act or Illinois
33 Workers' Occupational Diseases Act, the annuity is payable
34 regardless of the employee's length of service.

35 (b) Amount. A child's annuity shall be \$500 per month for

1 one child and \$350 per month for each additional child, up to a
2 maximum of \$2,500 per month for all children of the employee,
3 as provided in this Section, if a parent of the child is
4 living. The child's annuity shall be \$1,000 per month for one
5 child and \$500 per month for each additional child, up to a
6 maximum of \$2,500 for all children of the employee, when
7 neither parent is alive. The total amount payable to all
8 children of the employee shall be divided equally among those
9 children. Any child's annuity which commenced prior to July 12,
10 2001 ~~the effective date of this amendatory Act of the 92nd~~
11 ~~General Assembly~~ shall be increased upon the first day of the
12 month following the month in which that effective date occurs,
13 to the amount set forth herein.

14 (c) Payment. Until a child attains the age of 18 years, a
15 child's annuity shall be paid to the child's parent or other
16 person who shall be providing for the child without requiring
17 formal letters of guardianship, unless another person shall be
18 appointed by a court of law as guardian.

19 (Source: P.A. 92-53, eff. 7-12-01.)

20 (40 ILCS 5/13-309) (from Ch. 108 1/2, par. 13-309)

21 Sec. 13-309. Duty disability benefit.

22 (a) Any employee who becomes disabled, which disability is
23 the result of an injury or illness compensable under the
24 Illinois Workers' Compensation Act or the Illinois Workers'
25 Occupational Diseases Act, is entitled to a duty disability
26 benefit during the period of disability for which the employee
27 does not receive any part of salary, or any part of a
28 retirement annuity under this Article; except that in the case
29 of an employee who first enters service on or after June 13,
30 ~~the effective date of this amendatory Act of 1997~~ and becomes
31 disabled before the effective date of this amendatory Act of
32 the 93rd General Assembly, a duty disability benefit is not
33 payable for the first 3 days of disability that would otherwise
34 be payable under this Section if the disability does not
35 continue for at least 11 additional days. The changes made to

1 this Section by this amendatory Act of the 93rd General
2 Assembly are prospective only and do not entitle an employee to
3 a duty disability benefit for the first 3 days of any
4 disability that occurred before that effective date and did not
5 continue for at least 11 days. This benefit shall be 75% of
6 salary at the date disability begins. However, if the
7 disability in any measure resulted from any physical defect or
8 disease which existed at the time such injury was sustained or
9 such illness commenced, the duty disability benefit shall be
10 50% of salary.

11 Unless the employer acknowledges that the disability is a
12 result of injury or illness compensable under the Workers'
13 Compensation Act or the Workers' Occupational Diseases Act, the
14 duty disability benefit shall not be payable until the issue of
15 compensability under those Acts is finally adjudicated. The
16 period of disability shall be as determined by the Illinois
17 Industrial Commission or acknowledged by the employer.

18 The first payment shall be made not later than one month
19 after the benefit is granted, and subsequent payments shall be
20 made at least monthly. The Board shall by rule prescribe for
21 the payment of such benefits on the basis of the amount of
22 salary lost during the period of disability.

23 (b) The benefit shall be allowed only if the following
24 requirements are met by the employee:

25 (1) Application is made to the Board within 90 days
26 from the date disability begins;

27 (2) A medical report is submitted by at least one
28 licensed and practicing physician as part of the employee's
29 application; and

30 (3) The employee is examined by at least one licensed
31 and practicing physician appointed by the Board and found
32 to be in a disabled physical condition, and shall be
33 re-examined at least annually thereafter during the
34 continuance of disability. The employee need not be
35 re-examined by a licensed and practicing physician if the
36 attorney for the district certifies in writing that the

1 employee is entitled to receive compensation under the
2 Workers' Compensation Act or the Workers' Occupational
3 Diseases Act.

4 (c) The benefit shall terminate when:

5 (1) The employee returns to work or receives a
6 retirement annuity paid wholly or in part under this
7 Article;

8 (2) The disability ceases;

9 (3) The employee attains age 65, but if the employee
10 becomes disabled at age 60 or later, benefits may be
11 extended for a period of no more than 5 years after
12 disablement;

13 (4) The employee (i) refuses to submit to reasonable
14 examinations by physicians or other health professionals
15 appointed by the Board, (ii) fails or refuses to consent to
16 and sign an authorization allowing the Board to receive
17 copies of or to examine the employee's medical and hospital
18 records, or (iii) fails or refuses to provide complete
19 information regarding any other employment for
20 compensation he or she has received since becoming
21 disabled; or

22 (5) The employee willfully and continuously refuses to
23 follow medical advice and treatment to enable the employee
24 to return to work. However this provision does not apply to
25 an employee who relies in good faith on treatment by prayer
26 through spiritual means alone in accordance with the tenets
27 and practice of a recognized church or religious
28 denomination, by a duly accredited practitioner thereof.

29 In the case of a duty disability recipient who returns to
30 work, the employee must make application to the Retirement
31 Board within 2 years from the date the employee last received
32 duty disability benefits in order to become again entitled to
33 duty disability benefits based on the injury for which a duty
34 disability benefit was theretofore paid.

35 In the event that an interim disability benefit has been
36 received, the benefit paid under this Section shall be subject

1 to adjustment by the Board under Section 13-309.1.

2 (Source: P.A. 90-12, eff. 6-13-97; 91-887, eff. 7-6-00.)

3 (40 ILCS 5/13-309.1 new)

4 Sec. 13-309.1. Interim disability benefit.

5 (a) An employee who claims to be physically incapacitated
6 to perform the duties of his or her position shall receive an
7 interim disability benefit, provided that:

8 (1) the employer, being a separate entity from the
9 Retirement System governed by this Article, (i) has
10 formally denied all employer-paid temporary total
11 disability benefits under the Workers' Compensation Act or
12 the Workers' Occupational Diseases Act and an appeal of
13 that denial is pending before the Industrial Commission of
14 Illinois, or (ii) has granted and then terminated for any
15 reason an employer-paid temporary total disability benefit
16 and the employee has filed a petition for emergency hearing
17 under Section 19(b-1) of the Workers' Compensation Act or
18 Section 19(b-1) of the Workers' Occupational Diseases Act;
19 and

20 (2) application is made not later than (i) 3 months
21 after the date that the disability results in loss of pay,
22 (ii) 3 months after the date the employer has formally
23 denied or terminated the employer-paid temporary total
24 disability benefit, or (iii) in the case of termination of
25 an employer-paid temporary total disability benefit, 3
26 months after the effective date of this amendatory Act of
27 the 93rd General Assembly, whichever occurs last; and

28 (3) proper proof is received from one or more
29 physicians certifying that the employee is physically
30 incapacitated.

31 (b) In the case of a denial of benefits, the interim
32 disability benefit shall begin to accrue on the 1st day of
33 absence from work on account of disability, but the benefit
34 shall not become actually payable to the employee until the
35 payroll following the Board meeting at which the benefit is

1 granted. The employee must provide proof of filing a pending
2 appeal of that denial before the Industrial Commission of
3 Illinois.

4 In the case of termination of an employer-paid temporary
5 total disability benefit, the interim disability benefit under
6 this Section shall be calculated from the day following the
7 date of termination of the employer-paid benefit, but shall not
8 become payable to the employee until the payroll following the
9 Board meeting at which the benefit is granted. The employee
10 must provide proof of filing a petition for emergency hearing
11 under Section 19(b-1) of the Workers' Compensation Act or
12 Section 19(b-1) of the Workers' Occupational Diseases Act.

13 Only one interim benefit under this subsection may be
14 awarded per injury. If a terminated employer-paid temporary
15 total disability benefit is resumed or replaced with another
16 employer-paid disability benefit and the resumed or
17 replacement benefit is later terminated and the employee again
18 files a petition for emergency hearing under Section 19(b-1) of
19 the Workers' Compensation Act or Section 19(b-1) of the
20 Workers' Occupational Diseases Act, the employee may again
21 become eligible to receive an interim disability benefit under
22 this Section.

23 The benefit is not payable for any disability which begins
24 during any period of unpaid leave of absence. No benefit shall
25 be allowed for any period of disability prior to 30 days before
26 application is made, unless the Board finds good cause for the
27 delay in filing the application. The benefit shall not be paid
28 during any period for which the employee receives or is
29 entitled to receive any part of salary.

30 The benefit shall continue to accrue for no more than 3
31 months or until the first of the following events occurs:

32 (1) the disability ceases;

33 (2) the employee engages in gainful employment or
34 receives a retirement annuity paid wholly or in part under
35 this Article;

36 (3) a payment is made on the employee's claim pursuant

1 to a determination made by the employer under the Workers'
2 Compensation Act or the Workers' Occupational Diseases
3 Act;

4 (4) a final determination is made on the employee's
5 claim by the Industrial Commission of Illinois.

6 (5) the date on which the aggregate period for which
7 interim disability payments added to the period for which
8 ordinary disability benefits have been made becomes equal
9 to 25% of the employee's total period of creditable
10 service, not including the time for which he or she has
11 received an interim disability benefit or ordinary
12 disability benefit, and with a cumulative maximum of 5
13 years for ordinary disability and interim disability
14 benefits combined for purposes of this item (5) only;

15 (6) the employee (i) refuses to submit to reasonable
16 examinations by physicians or other health professionals
17 appointed by the Board, or (ii) fails or refuses to consent
18 to and sign an authorization allowing the Board to receive
19 copies of or to examine the employee's medical and hospital
20 records, or (iii) fails or refuses to provide complete
21 information regarding any other employment for
22 compensation he or she has received since becoming
23 disabled, or (iv) willfully and continuously refuses to
24 follow medical advice and treatment to enable the employee
25 to return to work.

26 (c) The interim disability benefit shall be 50% of the
27 employee's salary at the date of disability.

28 (d) The interim disability benefit provided under this
29 Section is intended as a temporary payment of duty disability
30 or ordinary disability benefit, whichever is appropriate, in
31 cases in which the character of the disability as either a duty
32 disability or an ordinary disability has not been finally
33 determined.

34 When an employer-paid disability benefit is paid or
35 resumed, the Board shall calculate the benefit that is payable
36 under Section 13-309 and shall deduct from the benefit payable

1 under Section 13-309 the amounts already paid under this
2 Section; those amounts shall then be treated as if they had
3 been paid under Section 13-309.

4 When a final determination of the character of the
5 disability has been made by the Industrial Commission of
6 Illinois, or by settlement between the parties to the disputed
7 claim, the Board shall calculate the benefit that is payable
8 under Section 13-309 or 13-310, whichever is applicable, and
9 shall deduct from such benefit the amounts already paid under
10 this Section; such amounts shall then be treated as if they had
11 been paid under Section 13-309 or 13-310.

12 (e) Any excess benefits paid under this Section shall be
13 subject to direct and immediate recovery by the Fund from
14 benefits payable under the Workers' Compensation Act or the
15 Workers' Occupational Diseases Act or from third parties as
16 provided in Section 13-311, or from any other benefits payable
17 either to the member or on his behalf under this Article. A
18 member who accepts benefits under this Section acknowledges and
19 authorizes these recovery rights of the System. In the event
20 that this Retirement System does not receive immediate recovery
21 according to this subsection (e), the employee must pay to the
22 Fund the excess benefit amount, plus interest at the annual
23 rate from time to time determined by the Board, compounded
24 annually from the date the benefit was paid to the employee by
25 the third party to the date of payment to this Retirement
26 System by the employee.

27 (f) The Board shall prescribe rules governing the filing of
28 claims for interim disability benefits, and the investigation,
29 control and supervision of those claims.

30 (g) References in this Section to employer-paid benefits
31 include benefits paid for by the Employer, either directly or
32 through a program of insurance or self-insurance; but the term
33 does not include benefits paid by the Fund under this Article.

34 (40 ILCS 5/13-310) (from Ch. 108 1/2, par. 13-310)

35 Sec. 13-310. Ordinary disability benefit.

1 (a) Any employee who becomes disabled as the result of any
2 cause other than injury or illness incurred in the performance
3 of duty for the employer or any other employer, or while
4 engaged in self-employment activities, shall be entitled to an
5 ordinary disability benefit. The eligible period for this
6 benefit shall be 25% of the employee's total actual service
7 prior to the date of disability with a cumulative maximum
8 period of 5 years.

9 (b) The benefit shall be allowed only if the employee files
10 an application in writing with the Board, and a medical report
11 is submitted by at least one licensed and practicing physician
12 as part of the employee's application.

13 The benefit is not payable for any disability which begins
14 during any period of unpaid leave of absence. No benefit shall
15 be allowed for any period of disability prior to 30 days before
16 application is made, unless the Board finds good cause for the
17 delay in filing the application. The benefit shall not be paid
18 during any period for which the employee receives or is
19 entitled to receive any part of salary.

20 The benefit is not payable for any disability which begins
21 during any period of absence from duty other than allowable
22 vacation time in any calendar year. An employee whose
23 disability begins during any such ineligible period of absence
24 from service may not receive benefits until the employee
25 recovers from the disability and is in service for at least 15
26 consecutive working days after such recovery.

27 In the case of an employee who first enters service on or
28 after June 13, 1997, ~~the effective date of this amendatory Act of~~
29 1997, an ordinary disability benefit is not payable for the
30 first 3 days of disability that would otherwise be payable
31 under this Section if the disability does not continue for at
32 least 11 additional days.

33 Beginning on the effective date of this amendatory Act of
34 the 93rd General Assembly, an employee who first entered
35 service on or after June 13, 1997 is also eligible for ordinary
36 disability benefits on the 31st day after the last day worked,

1 provided all sick leave is exhausted.

2 (c) The benefit shall be 50% of the employee's salary at
3 the date of disability, and shall terminate when the earliest
4 of the following occurs:

5 (1) The employee returns to work or receives a
6 retirement annuity paid wholly or in part under this
7 Article;

8 (2) The disability ceases;

9 (3) The employee willfully and continuously refuses to
10 follow medical advice and treatment to enable the employee
11 to return to work. However this provision does not apply to
12 an employee who relies in good faith on treatment by prayer
13 through spiritual means alone in accordance with the tenets
14 and practice of a recognized church or religious
15 denomination, by a duly accredited practitioner thereof;

16 (4) The employee (i) refuses to submit to a reasonable
17 physical examination within 30 days of application by a
18 physician appointed by the Board, (ii) in the case of
19 chronic alcoholism, the employee refuses to join a
20 rehabilitation program licensed by the Department of
21 Public Health of the State of Illinois and certified by the
22 Joint Commission on the Accreditation of Hospitals, (iii)
23 fails or refuses to consent to and sign an authorization
24 allowing the Board to receive copies of or to examine the
25 employee's medical and hospital records, or (iv) fails or
26 refuses to provide complete information regarding any
27 other employment for compensation he or she has received
28 since becoming disabled; or

29 (5) The eligible period for this benefit has been
30 exhausted.

31 The first payment of the benefit shall be made not later
32 than one month after the same has been granted, and subsequent
33 payments shall be made at intervals of not more than 30 days.

34 (d) In the event that an interim disability benefit has
35 been received, the benefit paid under this Section shall be
36 subject to adjustment by the Board under Section 13-309.1.

1 (Source: P.A. 90-12, eff. 6-13-97; 91-887, eff. 7-6-00.)

2 (40 ILCS 5/13-311) (from Ch. 108 1/2, par. 13-311)

3 Sec. 13-311. Credit for Workers' Compensation payments. If
4 an employee, or an employee's spouse or children, receives
5 compensation under any workers' compensation or occupational
6 diseases law, the benefit payable under this Article shall be
7 reduced by the amount of the compensation so received if the
8 amount is less than the annuity or benefit. If the compensation
9 exceeds the annuity or benefit, no payment of annuity or
10 benefit shall be made until the period of time has elapsed when
11 the annuity or benefit payable at the rates provided in this
12 Article equals the amount of such compensation. However, the
13 commutation of compensation to a lump sum basis as provided in
14 the workers' compensation or occupational diseases law shall
15 not increase the annuity or benefit provided under this
16 Article; the annuity or benefit to be paid hereunder shall be
17 based on the amount of compensation awarded under such laws
18 prior to commutation of such compensation. No interest shall be
19 considered in these calculations, except for benefits paid
20 under Section 13-309.1.

21 (Source: P.A. 91-887, eff. 7-6-00.)

22 (40 ILCS 5/13-314) (from Ch. 108 1/2, par. 13-314)

23 Sec. 13-314. Alternative provisions for Water Reclamation
24 District commissioners.

25 (a) Transfer of credits. Any Water Reclamation District
26 commissioner elected by vote of the people and who has elected
27 to participate in this Fund may transfer to this Fund credits
28 and creditable service accumulated under any other pension fund
29 or retirement system established under Articles 2 through 18 of
30 this Code, upon payment to the Fund of (1) the amount by which
31 the employer and employee contributions that would have been
32 required if he had participated in this Fund during the period
33 for which credit is being transferred, plus interest, exceeds
34 the amounts actually transferred from such other fund or system

1 to this Fund, plus (2) interest thereon at 6% per year
2 compounded annually from the date of transfer to the date of
3 payment.

4 (b) Alternative annuity. Any participant commissioner may
5 elect to establish alternative credits for an alternative
6 annuity by electing in writing to make additional optional
7 contributions in accordance with this Section and procedures
8 established by the Board. Unless and until such time as the
9 U.S. Internal Revenue Service or the federal courts provide a
10 favorable ruling as described in Section 13-502(f), a ~~such~~
11 commissioner may discontinue making the additional optional
12 contributions by notifying the Fund in writing in accordance
13 with this Section and procedures established by the Board.

14 Additional optional contributions for the alternative
15 annuity shall be as follows:

16 (1) For service after the option is elected, an
17 additional contribution of 3% of salary shall be
18 contributed to the Fund on the same basis and under the
19 same conditions as contributions required under Section
20 13-502.

21 (2) For contributions on past service, the additional
22 contribution shall be 3% of the salary for the applicable
23 period of service, plus interest at the annual rate from
24 time to time as determined by the Board, compounded
25 annually from the date of service to the date of payment.
26 Contributions for service before the option is elected may
27 be made in a lump sum payment to the Fund or by
28 contributing to the Fund on the same basis and under the
29 same conditions as contributions required under Section
30 13-502. All payments for past service must be paid in full
31 before credit is given. No additional optional
32 contributions may be made for any period of service for
33 which credit has been previously forfeited by acceptance of
34 a refund, unless the refund is repaid in full with interest
35 at the rate specified in Section 13-603, from the date of
36 refund to the date of repayment.

1 In lieu of the retirement annuity otherwise payable under
2 this Article, any commissioner who has elected to participate
3 in the Fund and make additional optional contributions in
4 accordance with this Section, has attained age 55, and has at
5 least 6 years of service credit, may elect to have the
6 retirement annuity computed as follows: 3% of the participant's
7 average final salary as a commissioner for each of the first 8
8 years of service credit, plus 4% of such salary for each of the
9 next 4 years of service credit, plus 5% of such salary for each
10 year of service credit in excess of 12 years, subject to a
11 maximum of 80% of such salary. To the extent such commissioner
12 has made additional optional contributions with respect to only
13 a portion of years of service credit, the retirement annuity
14 will first be determined in accordance with this Section to the
15 extent such additional optional contributions were made, and
16 then in accordance with the remaining Sections of this Article
17 to the extent of years of service credit with respect to which
18 additional optional contributions were not made. The change in
19 minimum retirement age (from 60 to 55) made by this amendatory
20 Act of 1993 applies to persons who begin receiving a retirement
21 annuity under this Section on or after the effective date of
22 this amendatory Act, without regard to whether they are in
23 service on or after that date.

24 (c) Disability benefits. In lieu of the disability benefits
25 otherwise payable under this Article, any commissioner who (1)
26 has elected to participate in the Fund, and (2) has become
27 permanently disabled and as a consequence is unable to perform
28 the duties of office, and (3) was making optional contributions
29 in accordance with this Section at the time the disability was
30 incurred, may elect to receive a disability annuity calculated
31 in accordance with the formula in subsection (b). For the
32 purposes of this subsection, such commissioner shall be
33 considered permanently disabled only if: (i) disability occurs
34 while in service as a commissioner and is of such a nature as
35 to prevent the reasonable performance of the duties of office
36 at the time; and (ii) the Board has received a written

1 certification by at least 2 licensed physicians appointed by it
2 stating that such commissioner is disabled and that the
3 disability is likely to be permanent.

4 (d) Alternative survivor's benefits. In lieu of the
5 survivor's benefits otherwise payable under this Article, the
6 spouse or eligible child of any deceased commissioner who (1)
7 had elected to participate in the Fund, and (2) was either
8 making additional optional contributions on the date of death,
9 or was receiving an annuity calculated under this Section at
10 the time of death, may elect to receive an annuity beginning on
11 the date of the commissioner's death, provided that the spouse
12 and commissioner must have been married on the date of the last
13 termination of a service as commissioner and for a continuous
14 period of at least one year immediately preceding death.

15 The annuity shall be payable beginning on the date of the
16 commissioner's death if the spouse is then age 50 or over, or
17 beginning at age 50 if the age of the spouse is less than 50
18 years. If a minor unmarried child or children of the
19 commissioner, under age 18, also survive, and the child or
20 children are under the care of the eligible spouse, the annuity
21 shall begin as of the date of death of the commissioner without
22 regard to the spouse's age.

23 The annuity to a spouse shall be 66 2/3% of the amount of
24 retirement annuity earned by the commissioner on the date of
25 death, subject to a minimum payment of 10% of salary, provided
26 that if an eligible spouse, regardless of age, has in his or
27 her care at the date of death of the commissioner any unmarried
28 child or children of the commissioner under age 18, the minimum
29 annuity shall be 30% of the commissioner's salary, plus 10% of
30 salary on account of each minor child of the commissioner,
31 subject to a combined total payment on account of a spouse and
32 minor children not to exceed 50% of the deceased commissioner's
33 salary. In the event there shall be no spouse of the
34 commissioner surviving, or should a spouse die while eligible
35 minor children still survive the commissioner, each such child
36 shall be entitled to an annuity equal to 20% of salary of the

1 commissioner subject to a combined total payment on account of
2 all such children not to exceed 50% of salary of the
3 commissioner. The salary to be used in the calculation of these
4 benefits shall be the same as that prescribed for determining a
5 retirement annuity as provided in subsection (b) of this
6 Section.

7 Upon the death of a commissioner occurring after
8 termination of a service or while in receipt of a retirement
9 annuity, the combined total payment to a spouse and minor
10 children, or to minor children alone if no eligible spouse
11 survives, shall be limited to 75% of the amount of retirement
12 annuity earned by the commissioner.

13 Adopted children shall have status as natural children of
14 the commissioner only if the proceedings for adoption were
15 commenced at least one year prior to the date of the
16 commissioner's death.

17 Marriage of a child or attainment of age 18, whichever
18 first occurs, shall render the child ineligible for further
19 consideration in the payment of annuity to a spouse or in the
20 increase in the amount thereof. Upon attainment of
21 ineligibility of the youngest minor child of the commissioner,
22 the annuity shall immediately revert to the amount payable upon
23 death of a commissioner leaving no minor children surviving. If
24 the spouse is under age 50 at such time, the annuity as revised
25 shall be deferred until such age is attained.

26 (e) Refunds. Refunds of additional optional contributions
27 shall be made on the same basis and under the same conditions
28 as provided under Section 13-601. Interest shall be credited on
29 the same basis and under the same conditions as for other
30 contributions.

31 Optional contributions shall be accounted for in a separate
32 Commission's Optional Contribution Reserve. Optional
33 contributions under this Section shall be included in the
34 amount of employee contributions used to compute the tax levy
35 under Section 13-503.

36 (f) Effective date. The effective date of this plan of

1 optional alternative benefits and contributions shall be the
2 date upon which approval was received from the U.S. Internal
3 Revenue Service. The plan of optional alternative benefits and
4 contributions shall not be available to any former employee
5 receiving an annuity from the Fund on the effective date,
6 unless said former employee re-enters service and renders at
7 least 3 years of additional service after the date of re-entry
8 as a commissioner.

9 (Source: P.A. 90-12, eff. 6-13-97; 91-887, eff. 7-6-00.)

10 (40 ILCS 5/13-402) (from Ch. 108 1/2, par. 13-402)

11 Sec. 13-402. Length of service. For the purpose of
12 computing the length of service for the retirement annuity,
13 surviving spouse's annuity, and child's annuity, and
14 calculating the minimum service requirement for payment of
15 military service under subsection (b) of Section 13-403,
16 service of 120 days in any one calendar year shall constitute
17 one year of service and service for any fractional part thereof
18 shall constitute an equal fractional part of one year of
19 service unless specifically provided otherwise. For all other
20 purposes under this Article, including but not limited to the
21 optional plans of additional benefits and contributions
22 provided under Sections 13-304, 13-304.1, and 13-314 of this
23 Article, 26 pay periods of service during any 12 consecutive
24 months shall constitute a year of service, and service rendered
25 for 50% or more of a single pay period shall constitute service
26 for the full pay period. Service of less than 50% of a single
27 pay period shall not be counted.

28 (Source: P.A. 93-334, eff. 7-24-03.)

29 (40 ILCS 5/13-502) (from Ch. 108 1/2, par. 13-502)

30 Sec. 13-502. Employee contributions; deductions from
31 salary.

32 (a) Retirement annuity and child's annuity. There shall be
33 deducted from each payment of salary an amount equal to 7 1/2%
34 of salary as the employee's contribution for the retirement

1 annuity, including annual increases therefore and child's
2 annuity.

3 (b) Surviving spouse's annuity. There shall be deducted
4 from each payment of salary an amount equal to 1 1/2% of salary
5 as the employee's contribution for the surviving spouse's
6 annuity and annual increases therefor.

7 (c) Pickup of employee contributions. The Employer may pick
8 up employee contributions required under subsections (a) and
9 (b) of this Section. If contributions are picked up they shall
10 be treated as Employer contributions in determining tax
11 treatment under the United States Internal Revenue Code, and
12 shall not be included as gross income of the employee until
13 such time as they are distributed. The Employer shall pay these
14 employee contributions from the same source of funds used in
15 paying salary to the employee. The Employer may pick up these
16 contributions by a reduction in the cash salary of the employee
17 or by an offset against a future salary increase or by a
18 combination of a reduction in salary and offset against a
19 future salary increase. If employee contributions are picked up
20 they shall be treated for all purposes of this Article 13,
21 including Sections 13-503 and 13-601, in the same manner and to
22 the same extent as employee contributions made prior to the
23 date picked up.

24 (d) Subject to the requirements of federal law, the
25 Employer shall pick up optional contributions that the employee
26 has elected to pay to the Fund under Section 13-304.1, and the
27 contributions so picked up shall be treated as employer
28 contributions for the purposes of determining federal tax
29 treatment. The Employer shall pick up the contributions by a
30 reduction in the cash salary of the employee and shall pay the
31 contributions from the same fund that is used to pay earnings
32 to the employee. The Employer shall, however, continue to
33 withhold federal and State income taxes based upon
34 contributions made under Section 13-304.1 until the Internal
35 Revenue Service or the federal courts rule that pursuant to
36 Section 414(h) of the U.S. Internal Revenue Code of 1986, as

1 amended, these contributions shall not be included as gross
2 income of the employee until such time as they are distributed
3 or made available.

4 (e) Each employee is deemed to consent and agree to the
5 deductions from compensation provided for in this Article.

6 (f) Subject to the requirements of federal law, the
7 Employer shall pick up contributions that a commissioner has
8 elected to pay to the Fund under Section 13-314, and the
9 contributions so picked up shall be treated as employer
10 contributions for the purposes of determining federal tax
11 treatment. The Employer shall pick up the contributions by a
12 reduction in the cash salary of the commissioner and shall pay
13 the contributions from the same fund as is used to pay earnings
14 to the commissioner. The Employer shall, however, continue to
15 withhold federal and State income taxes based upon
16 contributions made under Section 13-314 until the U.S. Internal
17 Revenue Service or the federal courts rule that pursuant to
18 Section 414(h) of the Internal Revenue Code of 1986, as
19 amended, these contributions shall not be included as gross
20 income of the employee until such time as they are distributed
21 or made available.

22 (Source: P.A. 92-599, eff. 6-28-02.)

23 (40 ILCS 5/13-601) (from Ch. 108 1/2, par. 13-601)

24 Sec. 13-601. Refunds.

25 (a) Withdrawal from service. Upon withdrawal from service,
26 an employee under age 55 (age 50 if the employee first entered
27 service before June 13, 1997), or an employee age 55 (age 50 if
28 the employee first entered service before June 13, 1997) or
29 over but less than 60 having less than 20 years of service, or
30 an employee age 60 or over having less than 5 years of service
31 shall be entitled, upon application, to a refund of total
32 contributions from salary deductions or amounts otherwise paid
33 under this Article by the employee. The refund shall not
34 include interest credited to the contributions. The Board may,
35 in its discretion, withhold payment of a refund for a period

1 not to exceed one year from the date of filing an application
2 for refund.

3 (b) Surviving spouse's annuity contributions. A refund of
4 all amounts deducted from salary or otherwise contributed by an
5 employee for the surviving spouse's annuity shall be paid upon
6 retirement to any employee who on the date of retirement is
7 either not married or is married but whose spouse is not
8 eligible for a surviving spouse's annuity paid wholly or in
9 part under this Article. The refund shall include interest on
10 each contribution at the rate of 3% per annum compounded
11 annually from the date of the contribution to the date of the
12 refund.

13 (c) When paid to children, estate or beneficiary. Whenever
14 the total accumulations, to the account of an employee from
15 employee contributions, including interest, have not been paid
16 to the employee and surviving spouse as a retirement or
17 spouse's annuity before the death of the survivor of the
18 employee and spouse, a refund shall be paid as follows: an
19 amount equal to the excess of such amounts over the amounts
20 paid on such annuities without interest on either such amount,
21 shall be paid to the children of the employee, in equal parts
22 to each, unless the employee has directed in writing, signed by
23 him before an officer authorized to administer oaths, and filed
24 with the Board before the employee's death, that any such
25 amount shall be refunded and paid to any one or more of such
26 children; and if there are not children, such other beneficiary
27 or beneficiaries as might be designated by the employee. If
28 there are no such children or designation of beneficiary, the
29 refund shall be paid to the personal representative of the
30 employee's estate.

31 If a personal representative of the estate has not been
32 appointed within 90 days from the date on which a refund became
33 payable, the refund may be applied, in the discretion of the
34 Board, toward the payment of the employee's or the surviving
35 spouse's burial expenses. Any remaining balance shall be paid
36 to the heirs of the employee according to the law of descent

1 and distribution of the State of Illinois.

2 If a reversionary annuity becomes payable under Section
3 13-303, the refund provided in this section shall not be paid
4 until the death of the reversionary annuitant and the refund
5 otherwise payable under this section shall be then further
6 reduced by the amount of the reversionary annuity paid.

7 (d) In lieu of annuity. Notwithstanding the provisions set
8 forth in subsection (a) of this section, whenever an employee's
9 or surviving spouse's annuity will be less than \$200 per month,
10 the employee or surviving spouse, as the case may be, may elect
11 to receive a refund of accumulated employee contributions;
12 provided, however, that if the election is made by a surviving
13 spouse the refund shall be reduced by any amounts theretofore
14 paid to the employee in the form of an annuity.

15 (e) Forfeiture of rights. An employee or surviving spouse
16 who receives a refund forfeits the right to receive an annuity
17 or any other benefit payable under this Article except that if
18 the refund is to a surviving spouse, any child or children of
19 the employee shall not be deprived of the right to receive a
20 child's annuity as provided in Section 13-308 of this Article,
21 and the payment of a child's annuity shall not reduce the
22 amount refundable to the surviving spouse.

23 (Source: P.A. 87-794; 87-1265.)

24 (40 ILCS 5/13-603) (from Ch. 108 1/2, par. 13-603)

25 Sec. 13-603. Restoration of rights. If an employee who has
26 received a refund subsequently re-enters the service and
27 renders one year of contributing service from the date of such
28 re-entry, the employee shall be entitled to have restored all
29 accumulation and service credits previously forfeited by
30 making a repayment of the refund, including interest from the
31 date of the refund to the date of repayment at a rate equal to
32 the higher of 8% per annum or the actuarial investment return
33 assumption used in the Fund's most recent Annual Actuarial
34 Statement. Repayment may be made either directly to the Fund or
35 in a manner similar to that provided for the contributions

1 required under Section 13-502. The service credits represented
2 thereby, or any part thereof, shall not become effective unless
3 the full amount due has been paid by the employee, including
4 interest. The repayment must be made in full no later than 90
5 days following the date of the employee's final withdrawal from
6 service. If the employee fails to make a full repayment, any
7 partial amounts paid by the employee shall be refunded without
8 interest ~~if the employee dies in service or withdraws.~~

9 (Source: P.A. 91-887, eff. 7-6-00.)

10 (40 ILCS 5/13-807) (from Ch. 108 1/2, par. 13-807)

11 Sec. 13-807. Felony conviction. None of the benefits
12 provided in this Article shall be paid to any person who is
13 convicted of any felony relating to or arising out of or in
14 connection with service as an employee.

15 This section shall not operate to impair any contract or
16 vested right heretofore acquired under any law or laws
17 continued in this Article, nor to preclude a person's ~~the~~ right
18 to a refund. For a person who enters service under the Fund on
19 or after the effective date of this amendatory Act of the 93rd
20 General Assembly, a refund under this Section shall consist of
21 amounts representing employee contributions paid by the person
22 to the Fund (including such amounts paid by the person to
23 establish additional or optional credit), without interest,
24 less the amount of benefits paid to the person (including
25 benefits paid to an alternate payee under a QILDRO) by the
26 Fund. The refund shall not include employer contributions or
27 any interest on contributions. This Section does not require
28 repayment to the Fund of any benefit paid before the date of
29 the conviction.

30 All persons entering service subsequent to July 11, 1955
31 shall be deemed to have consented to the provisions of this
32 Section as a condition of coverage.

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

34 Section 90. The State Mandates Act is amended by adding

1 Section 8.28 as follows:

2 (30 ILCS 805/8.28 new)

3 Sec. 8.28. Exempt mandate. Notwithstanding Sections 6 and 8
4 of this Act, no reimbursement by the State is required for the
5 implementation of any mandate created by this amendatory Act of
6 the 93rd General Assembly.

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

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| 2 | | Statutes amended in order of appearance |
| 3 | 40 ILCS 5/13-301 | from Ch. 108 1/2, par. 13-301 |
| 4 | 40 ILCS 5/13-302 | from Ch. 108 1/2, par. 13-302 |
| 5 | 40 ILCS 5/13-306 | from Ch. 108 1/2, par. 13-306 |
| 6 | 40 ILCS 5/13-308 | from Ch. 108 1/2, par. 13-308 |
| 7 | 40 ILCS 5/13-309 | from Ch. 108 1/2, par. 13-309 |
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| 9 | 40 ILCS 5/13-310 | from Ch. 108 1/2, par. 13-310 |
| 10 | 40 ILCS 5/13-311 | from Ch. 108 1/2, par. 13-311 |
| 11 | 40 ILCS 5/13-314 | from Ch. 108 1/2, par. 13-314 |
| 12 | 40 ILCS 5/13-402 | from Ch. 108 1/2, par. 13-402 |
| 13 | 40 ILCS 5/13-502 | from Ch. 108 1/2, par. 13-502 |
| 14 | 40 ILCS 5/13-601 | from Ch. 108 1/2, par. 13-601 |
| 15 | 40 ILCS 5/13-603 | from Ch. 108 1/2, par. 13-603 |
| 16 | 40 ILCS 5/13-807 | from Ch. 108 1/2, par. 13-807 |
| 17 | 30 ILCS 805/8.28 new | |