

AN ACT concerning public employee benefits.

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

Section 5. The Illinois Pension Code is amended by changing Sections 14-119 and 14-121 as follows:

(40 ILCS 5/14-119) (from Ch. 108 1/2, par. 14-119)

Sec. 14-119. Amount of widow's annuity.

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

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

The amount of retirement annuity from which the widow's annuity is derived shall be that earned by the member without

regard to whether he attained age 60 prior to his withdrawal under the conditions stated or prior to his death.

(c) Marriage of a child shall render the child ineligible for further consideration in the increase in the amount of the widow's annuity.

Attainment of age 18 (age 22 if a full-time student) shall render a child ineligible for further consideration in the increase of the widow's annuity, but the annuity to the widow shall be continued thereafter, without regard to her age at that time.

(d) Except as otherwise provided in this subsection (d), a widow's annuity payable on account of any covered employee who has ~~shall have~~ been a covered employee for at least 18 months shall be reduced by 1/2 of the amount of survivors benefits to which his beneficiaries are eligible under the provisions of the Federal Social Security Act, except that (1) the amount of any widow's annuity payable under this Article shall not be reduced by reason of any increase under that Act which occurs after the offset required by this subsection is first applied to that annuity, and (2) for benefits granted on or after January 1, 1992, the offset under this subsection (d) shall not exceed 50% of the amount of widow's annuity otherwise payable.

Beginning July 1, 2009, the offset under this subsection (d) shall no longer be applied to any widow's annuity of any person who began receiving retirement benefits or a widow's

annuity prior to January 1, 1998.

Beginning July 1, 2009, the offset under this subsection (d) shall no longer be applied to the widow's annuity of any person who began receiving a widow's annuity on or after January 1, 1998 and before the effective date of this amendatory Act of the 95th General Assembly.

Any person who began receiving retirement benefits after January 1, 1998 and before the effective date of this amendatory Act of the 95th General Assembly may, during a one-time election period established by the System, elect to reduce his or her retirement annuity by 3.825% in exchange for not having the offset under this subsection (d) applied to his or her widow's annuity.

Any employee in service on the effective date of this amendatory Act of the 95th General Assembly may, at the time of retirement, elect to reduce his or her retirement annuity by 3.825% in exchange for not having the offset under this subsection (d) applied to his or her widow's annuity.

If a widow's annuity is payable to the widow of an employee based on the employee's death in service, then the offset under this subsection (d) shall no longer be applied to the widow's annuity.

A retiree who elects to reduce his or her retirement annuity under this subsection (d) in exchange for not having the offset applied may make an irrevocable election to eliminate the reduction of his or her retirement annuity if

there is a change in marital status due to death or divorce, but the retiree is not entitled to reimbursement of any benefit reduction prior to the election.

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

(f) On January 1, 1981, any recipient of a widow's annuity who was receiving a widow's annuity on or before January 1, 1971, shall have her widow's annuity then being paid increased by 1% for each full year which has elapsed from the date the widow's annuity began. On January 1, 1982, any recipient of a widow's annuity who began receiving a widow's annuity after January 1, 1971, but before January 1, 1981, shall have her widow's annuity then being paid increased by 1% for each full year which has elapsed from the date the widow's annuity began. On January 1, 1987, any recipient of a widow's annuity who began receiving the widow's annuity on or before January 1, 1977, shall have the monthly widow's annuity increased by \$1 for each full year which has elapsed since the date the annuity began.

(g) Beginning January 1, 1990, every widow's annuity shall be increased (1) on each January 1 occurring on or after the

commencement of the annuity if the deceased member died while receiving a retirement annuity, or (2) in other cases, on each January 1 occurring on or after the first anniversary of the commencement of the annuity, by an amount equal to 3% of the current amount of the annuity, including any previous increases under this Article. Such increases shall apply without regard to whether the deceased member was in service on or after the effective date of Public Act 86-1488, but shall not accrue for any period prior to January 1, 1990.

(Source: P.A. 95-279, eff. 1-1-08.)

(40 ILCS 5/14-121) (from Ch. 108 1/2, par. 14-121)

Sec. 14-121. Amount of survivors annuity. A survivors annuity beneficiary shall be entitled upon death of the member to a single sum payment of \$1,000, payable pro rata among all persons entitled thereto, together with a survivors annuity payable at the rates and under the conditions specified in this Article.

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

(b) If an eligible child or children under the care of a spouse also survives the member, such spouse as natural guardian of the child or children shall receive, in addition to the foregoing annuity, 20% of final average compensation on account of each such child and 10% of final average

compensation divided pro rata among such children, subject to a maximum payment on account of all survivor annuity beneficiaries of \$600 per month, or 80% of the member's final average compensation, whichever is the lesser.

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

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

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

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

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

Beginning July 1, 2009, the offset under this subsection (g) shall no longer be applied to any survivors annuity of any person who began receiving retirement benefits or a survivors annuity prior to January 1, 1998.

Beginning July 1, 2009, the offset under this subsection (g) shall no longer be applied to the survivors annuity of any person who began receiving a survivors annuity on or after January 1, 1998 and before the effective date of this

amendatory Act of the 95th General Assembly.

Any person who began receiving retirement benefits after January 1, 1998 and before the effective date of this amendatory Act of the 95th General Assembly may, during a one-time election period established by the System, elect to reduce his or her retirement annuity by 3.825% in exchange for not having the offset under this subsection (g) applied to his or her survivors annuity.

Any employee in service on the effective date of this amendatory Act of the 95th General Assembly may, at the time of retirement, elect to reduce his or her retirement annuity by 3.825% in exchange for not having the offset under this subsection (g) applied to his or her survivors annuity.

If a survivors annuity is payable to the widow of an employee based on the employee's death in service, then the offset under this subsection (g) shall no longer be applied to the survivors annuity.

A retiree who elects to reduce his or her retirement annuity under this subsection (g) in exchange for not having the offset applied may make an irrevocable election to eliminate the reduction of his or her retirement annuity if there is a change in marital status due to death or divorce, but the retiree is not entitled to reimbursement of any benefit reduction prior to the election.

(h) The minimum payment to a beneficiary hereunder shall be \$60 per month, which shall be reduced in accordance with the

limitation prescribed on the combined payments to all beneficiaries of a member.

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

(j) Any survivors annuity beneficiary whose annuity terminates due to any condition specified in this Article other than death shall be entitled to a refund of the excess, if any, of the accumulated contributions of the member plus credited interest over all payments to the member and beneficiary or beneficiaries, exclusive of the single sum payment of \$1,000, provided no future survivors or reversionary annuity benefits are payable.

(k) Upon the death of the last eligible recipient of a

survivors annuity the excess, if any, of the member's accumulated contributions plus credited interest over all annuity payments to the member and survivors exclusive of the single sum payment of \$1000, shall be paid to the named beneficiary of the last eligible survivor, or if none has been named, to the estate of the last eligible survivor, provided no reversionary annuity is payable.

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

(m) Beginning January 1, 1990, every survivor's annuity shall be increased (1) on each January 1 occurring on or after the commencement of the annuity if the deceased member died while receiving a retirement annuity, or (2) in other cases, on each January 1 occurring on or after the first anniversary of the commencement of the annuity, by an amount equal to 3% of

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the current amount of the annuity, including any previous increases under this Article. Such increases shall apply without regard to whether the deceased member was in service on or after the effective date of Public Act 86-1488, but shall not accrue for any period prior to January 1, 1990.

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

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