



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1267

Introduced 1/28/2025, by Sen. Karina Villa

SYNOPSIS AS INTRODUCED:

40 ILCS 5/7-141	from Ch. 108 1/2, par. 7-141
40 ILCS 5/7-144	from Ch. 108 1/2, par. 7-144
30 ILCS 805/8.49 new	

Amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. Provides that if any annuitant must be considered a participating employee because there was not a separation from service and the participating municipality or participating instrumentality that employs or re-employs that annuitant knowingly fails to notify the Board to suspend the annuity, the Board may review the totality of circumstances regarding the annuitant not having a separation of service and assign proportionate responsibility for reimbursement of the total of any annuity payments made to the annuitant after the date the annuity should have been suspended, as determined by the Board, between the participating municipality or participating instrumentality and the annuitant, less any amount actually repaid by the annuitant. Provides that in no case shall the total amount repaid by the annuitant plus any amount reimbursed by the employer to the Fund be more than the total of all annuity payments made to the annuitant after the date the annuity should have been suspended. Removes language providing that the provisions shall not apply if the annuitant returned to work for the employer for less than 12 months. Adds similar provisions to a provision concerning separation from service and entitlement to a retirement annuity. Amends the State Mandates Act to require implementation without reimbursement.

LRB104 08545 RPS 18597 b

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Illinois Pension Code is amended by
5 changing Sections 7-141 and 7-144 as follows:

6 (40 ILCS 5/7-141) (from Ch. 108 1/2, par. 7-141)

7 Sec. 7-141. Retirement annuities; conditions. Retirement
8 annuities shall be payable as hereinafter set forth:

9 (a) A participating employee who, regardless of cause, is
10 separated from the service of all participating municipalities
11 and instrumentalities thereof and participating
12 instrumentalities shall be entitled to a retirement annuity
13 provided:

14 1. He is at least age 55 if he is a Tier 1 regular
15 employee, he is age 62 if he is a Tier 2 regular employee,
16 or, in the case of a person who is eligible to have his
17 annuity calculated under Section 7-142.1, he is at least
18 age 50;

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

22 3. The amount of his annuity, before the application
23 of paragraph (b) of Section 7-142 is at least \$10 per

1 month;

2 4. If he first became a participating employee after
3 December 31, 1961 and is a Tier 1 regular employee, he has
4 at least 8 years of service, or, if he is a Tier 2 regular
5 member, he has at least 10 years of service. This service
6 requirement shall not apply to any participating employee,
7 regardless of participation date, if the General Assembly
8 terminates the Fund.

9 (a-5) If any annuitant under this Article must be
10 considered a participating employee because there was not a
11 separation from service as required by subsection (a) of this
12 Section and the participating municipality or participating
13 instrumentality that employs or re-employs that annuitant
14 knowingly fails to notify the Board to suspend the annuity,
15 the Board may review the totality of circumstances regarding
16 the annuitant not having a separation of service and assign
17 proportionate responsibility for reimbursement of the total of
18 any annuity payments made to the annuitant after the date the
19 annuity should have been suspended, as determined by the
20 Board, between the participating municipality or participating
21 instrumentality and the annuitant, less any amount actually
22 repaid by the annuitant. In no case shall the total amount
23 repaid by the annuitant plus any amount reimbursed by the
24 employer to the Fund be more than the total of all annuity
25 payments made to the annuitant after the date the annuity
26 should have been suspended.

1 (b) Retirement annuities shall be payable:

2 1. As provided in Section 7-119;

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

7 3. Upon attainment of the required age of distribution
8 under Section 401(a)(9) of the Internal Revenue Code of
9 1986, as amended, if the member (i) is no longer in
10 service, and (ii) is otherwise entitled to an annuity
11 under this Article;

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

14 (Source: P.A. 102-210, Article 5, Section 5-5, eff. 7-30-21;
15 102-210, Article 10, Section 10-5, eff. 1-1-22; 102-813, eff.
16 5-13-22.)

17 (40 ILCS 5/7-144) (from Ch. 108 1/2, par. 7-144)

18 Sec. 7-144. Retirement annuities; suspended during
19 employment.

20 (a) If any person receiving any annuity again becomes an
21 employee and receives earnings from employment in a position
22 requiring him, or entitling him to elect, to become a
23 participating employee, then the annuity payable to such
24 employee shall be suspended as of the first day of the month
25 coincidental with or next following the date upon which such

1 person becomes such an employee, unless the person is
2 authorized under subsection (b) of Section 7-137.1 of this
3 Code to continue receiving a retirement annuity during that
4 period. Upon proper qualification of the participating
5 employee payment of such annuity may be resumed on the first
6 day of the month following such qualification and upon proper
7 application therefor. The participating employee in such case
8 shall be entitled to a supplemental annuity arising from
9 service and credits earned subsequent to such re-entry as a
10 participating employee.

11 Notwithstanding any other provision of this Article, an
12 annuitant shall be considered a participating employee if he
13 or she returns to work as an employee with a participating
14 employer and works more than 599 hours annually (or 999 hours
15 annually with a participating employer that has adopted a
16 resolution pursuant to subsection (e) of Section 7-137 of this
17 Code). Each of these annual periods shall commence on the
18 month and day upon which the annuitant is first employed with
19 the participating employer following the effective date of the
20 annuity.

21 (a-5) If any annuitant under this Article must be
22 considered a participating employee per the provisions of
23 subsection (a) of this Section, and the participating
24 municipality or participating instrumentality that employs or
25 re-employs that annuitant knowingly fails to notify the Board
26 that the annuitant has returned to a qualifying position, the

1 Board may review the totality of circumstances of the return
2 to work and assign proportionate responsibility for
3 reimbursement of the total of any annuity payments made to the
4 annuitant after the date the annuity should have been
5 suspended, as determined by the Board, between ~~to suspend the~~
6 ~~annuity,~~ the participating municipality or participating
7 instrumentality and the annuitant, less any amount actually
8 ~~repaid by the annuitant may be required to reimburse the Fund~~
9 ~~for an amount up to one half of the total of any annuity~~
10 ~~payments made to the annuitant after the date the annuity~~
11 ~~should have been suspended, as determined by the Board. In no~~
12 case shall the total amount repaid by the annuitant plus any
13 amount reimbursed by the employer to the Fund be more than the
14 total of all annuity payments made to the annuitant after the
15 date the annuity should have been suspended. ~~This subsection~~
16 ~~shall not apply if the annuitant returned to work for the~~
17 ~~employer for less than 12 months.~~

18 The Fund shall notify all annuitants that they must notify
19 the Fund immediately if they return to work for any
20 participating employer. The notification by the Fund shall
21 occur upon retirement and no less than annually thereafter in
22 a format determined by the Fund. The Fund shall also develop
23 and maintain a system to track annuitants who have returned to
24 work and notify the participating employer and annuitant at
25 least annually of the limitations on returning to work under
26 this Section.

1 (b) Supplemental annuities to persons who return to
2 service for less than 48 months shall be computed under the
3 provisions of Sections 7-141, 7-142, and 7-143. In determining
4 whether an employee is eligible for an annuity which requires
5 a minimum period of service, his entire period of service
6 shall be taken into consideration but the supplemental annuity
7 shall be based on earnings and service in the supplemental
8 period only. The effective date of the suspended and
9 supplemental annuity for the purpose of increases after
10 retirement shall be considered to be the effective date of the
11 suspended annuity.

12 (c) Supplemental annuities to persons who return to
13 service for 48 months or more shall be a monthly amount
14 determined as follows:

15 (1) An amount shall be computed under subparagraph b
16 of paragraph (1) of subsection (a) of Section 7-142,
17 considering all of the service credits of the employee.

18 (2) The actuarial value in monthly payments for life
19 of the annuity payments made before suspension shall be
20 determined and subtracted from the amount determined in
21 paragraph (1) above.

22 (3) The monthly amount of the suspended annuity, with
23 any applicable increases after retirement computed from
24 the effective date to the date of reinstatement, shall be
25 subtracted from the amount determined in paragraph (2)
26 above and the remainder shall be the amount of the

1 supplemental annuity provided that this amount shall not
2 be less than the amount computed under subsection (b) of
3 this Section.

4 (4) The suspended annuity shall be reinstated at an
5 amount including any increases after retirement from the
6 effective date to date of reinstatement.

7 (5) The effective date of the combined suspended and
8 supplemental annuities for the purposes of increases after
9 retirement shall be considered to be the effective date of
10 the supplemental annuity.

11 (d) If a Tier 2 regular employee becomes a member or
12 participant under any other system or fund created by this
13 Code and is employed on a full-time basis, except for those
14 members or participants exempted from the provisions of
15 subsection (a) of Section 1-160 of this Code (other than a
16 participating employee under this Article), then the person's
17 retirement annuity shall be suspended during that employment.
18 Upon termination of that employment, the person's retirement
19 annuity shall resume and be recalculated as required by this
20 Section.

21 (e) If a Tier 2 regular employee first began participation
22 on or after January 1, 2012 and is receiving a retirement
23 annuity and accepts on a contractual basis a position to
24 provide services to a governmental entity from which he or she
25 has retired, then that person's annuity or retirement pension
26 shall be suspended during that contractual service,

1 notwithstanding the provisions of any other Section in this
2 Article. Such annuitant shall notify the Fund, as well as his
3 or her contractual employer, of his or her retirement status
4 before accepting contractual employment. A person who fails to
5 submit such notification shall be guilty of a Class A
6 misdemeanor and required to pay a fine of \$1,000. Upon
7 termination of that contractual employment, the person's
8 retirement annuity shall resume and be recalculated as
9 required by this Section.

10 (Source: P.A. 102-210, eff. 1-1-22; 103-154, eff. 6-30-23.)

11 Section 90. The State Mandates Act is amended by adding
12 Section 8.49 as follows:

13 (30 ILCS 805/8.49 new)

14 Sec. 8.49. Exempt mandate. Notwithstanding Sections 6 and
15 8 of this Act, no reimbursement by the State is required for
16 the implementation of any mandate created by this amendatory
17 Act of the 104th General Assembly.