

SB1268



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1268

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

SYNOPSIS AS INTRODUCED:

| | |
|-----------------|------------------------------|
| 40 ILCS 5/7-158 | from Ch. 108 1/2, par. 7-158 |
| 40 ILCS 5/7-164 | from Ch. 108 1/2, par. 7-164 |
| 40 ILCS 5/7-172 | from Ch. 108 1/2, par. 7-172 |
| 40 ILCS 5/7-205 | from Ch. 108 1/2, par. 7-205 |
| 40 ILCS 5/7-206 | from Ch. 108 1/2, par. 7-206 |

Amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. Increases, except for persons who first retired prior to the effective date of the amendatory Act, the amount of the death benefit from \$3,000 to \$8,000. Makes conforming changes. Amends the State Mandates Act to require implementation without reimbursement. Effective January 1, 2026.

LRB104 08547 RPS 18599 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 7-158, 7-164, 7-172, 7-205, and 7-206 as
6 follows:

7 (40 ILCS 5/7-158) (from Ch. 108 1/2, par. 7-158)

8 Sec. 7-158. Surviving spouse annuities - Options. In lieu
9 of the surviving spouse annuity an eligible surviving spouse
10 shall have the option of receiving other benefits as follows:

11 1. The surviving spouse of a participating employee may
12 elect to receive either a single sum death benefit or a
13 surviving spouse annuity and the \$8,000 (\$3,000 for those who
14 first retired prior to the effective date of this amendatory
15 Act of the 104th General Assembly) \$3,000 death benefit
16 provided in Sections 7-163 and 7-164.

17 2. The surviving spouse of an employee, who has separated
18 from service and would have been entitled to a retirement
19 annuity on date of death, may elect to receive either a single
20 sum death benefit or a surviving spouse annuity and the \$8,000
21 (\$3,000 for those who first retired prior to the effective
22 date of this amendatory Act of the 104th General Assembly)
23 \$3,000 death benefit provided in Sections 7-163 and 7-164.

1 3. If any surviving spouse annuity is payable prior to the
2 earliest age at which the recipient will become eligible for a
3 widows' or widowers' insurance benefit under the Federal
4 Social Security Act, the recipient may elect that the annuity
5 payments from this fund shall exceed those payable after
6 attaining such age by an amount not in excess of the estimated
7 Social Security Benefit, determined as of the effective date
8 of the surviving spouse annuity, provided that in no case
9 shall the total annuity payments made by this fund exceed in
10 actuarial value the annuity which would have been paid had no
11 such election been made.

12 4. The surviving spouse of a participating employee, whose
13 annuity was suspended upon return to employment and who had
14 one year or more of service after his return, may apply the
15 additional service credits to a supplemental surviving spouse
16 annuity and receive the \$8,000 (\$3,000 for those who first
17 retired prior to the effective date of this amendatory Act of
18 the 104th General Assembly) \$3,000 death benefit or apply the
19 additional service credits to a single sum death benefit and
20 forego the \$8,000 (\$3,000 for those who first retired prior to
21 the effective date of this amendatory Act of the 104th General
22 Assembly) \$3,000 death benefit payable upon the death of an
23 annuitant.

24 5. The surviving spouse of a participating employee, whose
25 annuity was suspended upon return to employment and who had
26 less than one year of service after his return, shall have the

1 additional service credits applied towards a supplemental
2 surviving spouse annuity and shall receive the \$8,000 (\$3,000
3 for those who first retired prior to the effective date of this
4 amendatory Act of the 104th General Assembly) \$3,000 death
5 benefit.

6 (Source: P.A. 85-941.)

7 (40 ILCS 5/7-164) (from Ch. 108 1/2, par. 7-164)

8 Sec. 7-164. Death benefits - Amount. The amount of the
9 death benefit shall be:

10 1. Upon the death of an employee with at least one year of
11 service occurring while in an employment relationship
12 (including employees drawing disability benefits) with a
13 participating municipality or participating instrumentality,
14 an amount equal to the sum of:

15 (a) The employee's normal, additional and survivor
16 credits, including interest credited thereto through the
17 end of the preceding calendar year, but excluding credits
18 and interest thereon allowed for periods of disability.

19 (b) An amount equal to the employee's annual final
20 rate of earnings. An employee who dies as a result of
21 injuries connected with his duties shall be considered to
22 have a year of service for purposes of this benefit.

23 2. Upon the death of an employee with less than 1 year of
24 service occurring while in the service of any participating
25 municipality or instrumentality, an amount equal to the sum of

1 his accumulated normal, additional and survivor credits on the
2 date of death, excluding those credits and interest thereon
3 allowed during periods of disability.

4 3. Upon the death of an employee who has separated from
5 service and was not entitled to a retirement annuity on the
6 date of death, an amount equal to the sum of his accumulated
7 normal, survivor and additional credits on the date of death
8 excluding those credits and interest thereon allowed during
9 periods of disability.

10 4. Upon the death of an employee in an employment
11 relationship, or an employee who has service and was entitled
12 to a retirement annuity on the date of death, when a surviving
13 spouse or child annuity is awarded, \$8,000 (\$3,000 for those
14 who first retired prior to the effective date of this
15 amendatory Act of the 104th General Assembly) \$3,000.

16 5. Upon the death of an employee, who has separated from
17 service and was entitled to a retirement annuity on the date of
18 death, and no surviving spouse or child annuity is awarded,
19 \$8,000 (\$3,000 for those who first retired prior to the
20 effective date of this amendatory Act of the 104th General
21 Assembly) \$3,000 plus an amount equal to his accumulated
22 normal, survivor and additional credits on the date of death,
23 excluding those credits and interest earned thereon allowed
24 during periods of disability.

25 6. Upon the death of an employee annuitant, \$8,000 (\$3,000
26 for those who first retired prior to the effective date of this

1 amendatory Act of the 104th General Assembly) \$3,000 and,
2 unless a surviving spouse, child or reversionary annuity is
3 payable, the sum of (i) the excess of the normal and survivor
4 credits, excluding those allowed during periods of disability,
5 which the annuitant had as of the effective date of his annuity
6 over the total annuities paid pursuant to paragraph (a) 1 of
7 Section 7-142 to the date of death, plus (ii) the excess of the
8 additional credits, excluding any such credits used to create
9 a reversionary annuity, used to provide the annuity granted
10 pursuant to paragraph (a) 2 of Section 7-142 over the total
11 annuity payments made pursuant thereto to the time of death.

12 7. Upon the death of an annuitant receiving a reversionary
13 annuity or of a person designated to receive a reversionary
14 annuity prior to the receipt of such annuity the sum of the
15 additional credits of the person creating the reversionary
16 annuity as of the effective date of his own retirement annuity
17 over the reversionary annuity payments, if any, made prior to
18 the date of death of such annuitant or person designated to
19 receive the reversionary annuity.

20 8. Upon the death of an annuitant receiving a beneficiary
21 annuity which was effective before January 1, 1986, the excess
22 of the death benefit which was used to provide the annuity,
23 over the sum of all annuity payments made to the beneficiary.
24 Upon the death of an annuitant receiving a beneficiary annuity
25 effective January 1, 1986 or thereafter, the sum of (i) the
26 excess of the normal and survivor credits, excluding those

1 allowed during periods of disability, which the annuitant had
2 as of the effective date of his annuity over the total
3 annuities paid pursuant to paragraph (c) of Section 7-165, to
4 date of death, plus (ii) the excess of the additional credits,
5 excluding any such credits used to create a reversionary
6 annuity, used to provide the annuity granted pursuant to
7 paragraph (d) of Section 7-165 over the total annuity payments
8 made pursuant thereto to the time of death.

9 9. Upon the marriage prior to reaching age 55 (except for a
10 surviving spouse who remarries after December 31, 2000) or
11 death of a person receiving a surviving spouse annuity, unless
12 a child annuity is payable, the sum of (i) the excess of the
13 normal and survivor credits, excluding those credits and
14 interest thereon allowed during periods of disability,
15 attributable to the employee at the effective date of the
16 annuity or date of death, whichever first occurred, over the
17 total of all annuity payments attributable to paragraph (a) 1
18 of Section 7-142 made to the employee or surviving spouse plus
19 (ii) the excess of the additional credits, excluding any such
20 credits used to create a reversionary annuity or used to
21 provide the annuity attributable to paragraph (a) 2 of Section
22 7-142 over the total of such payments.

23 10. Upon the marriage, death or attainment of age 18 of a
24 child receiving a child annuity, if no other child annuities
25 are payable, the sum of (i) the excess of the normal and
26 survivor credits excluding those credits and interest thereon

1 allowed during periods of disability, of the employee at the
2 effective date of the annuity or date of death, whichever
3 first occurred, over the total annuity payments attributable
4 to paragraph (a) 1 of Section 7-142 made to the employee,
5 surviving spouse and children plus (ii) the excess of the
6 additional credits, excluding any such credits used to create
7 a reversionary annuity, used to provide the annuity
8 attributable to paragraph (a) 2 of Section 7-142 over the
9 total annuity payments made to the employee, surviving spouse
10 and children, pursuant thereto.

11 11. Upon the death of the participating employee whose
12 annuity was suspended upon his return to employment:

13 a. If a surviving spouse or child annuity is awarded,
14 \$8,000 (\$3,000 for those who first retired prior to the
15 effective date of this amendatory Act of the 104th General
16 Assembly) \$3,000;

17 b. If no surviving spouse or child annuity is awarded
18 and he had less than one year's service upon return,
19 \$8,000 (\$3,000 for those who first retired prior to the
20 effective date of this amendatory Act of the 104th General
21 Assembly) \$3,000 plus the excess of the normal, survivor
22 and additional credits, including interest thereon, but
23 excluding those allowed during a period of disability, at
24 the effective date of the suspended annuity, plus those
25 allowed after his return, over all annuity payments made
26 to the employee;

1 c. If no surviving spouse or child annuity is awarded
2 and he has one year or more of service upon return, the
3 higher of (a) the payment under subparagraph b of this
4 paragraph or (b) the payment under paragraph 1 of this
5 Section, taking into consideration only the service and
6 credits allowed after his return, plus the excess of the
7 normal, survivor and additional credits, including
8 interest thereon, excluding those allowed during periods
9 of disability, at the effective date of his suspended
10 annuity over all annuity payments made to the employee.

11 12. The \$8,000 (\$3,000 for those who first retired prior
12 to the effective date of this amendatory Act of the 104th
13 General Assembly) \$3,000 death benefit provided in paragraphs
14 4 and 6 shall not be payable to beneficiaries of persons who
15 terminated service prior to September 8, 1971, unless the
16 payment or agreement for payment provided by Section 7-144.2
17 of this Article is made prior to the date of death.

18 13. The increase in certain death benefits from \$1,000 to
19 \$3,000 provided by this amendatory Act of 1987 shall apply
20 only to deaths occurring on or after January 1, 1988.

21 14. The increase in certain death benefits from \$3,000 to
22 \$8,000 provided by this amendatory Act of the 104th General
23 Assembly shall apply only to deaths occurring on or after
24 January 1, 2025.

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

1 (40 ILCS 5/7-172) (from Ch. 108 1/2, par. 7-172)

2 Sec. 7-172. Contributions by participating municipalities
3 and participating instrumentalities.

4 (a) Each participating municipality and each participating
5 instrumentality shall make payment to the fund as follows:

6 1. municipality contributions in an amount determined
7 by applying the municipality contribution rate to each
8 payment of earnings paid to each of its participating
9 employees;

10 2. an amount equal to the employee contributions
11 provided by paragraph (a) of Section 7-173, whether or not
12 the employee contributions are withheld as permitted by
13 that Section;

14 3. all accounts receivable, together with interest
15 charged thereon, as provided in Section 7-209, and any
16 amounts due under subsection (a-5) of Section 7-144;

17 4. if it has no participating employees with current
18 earnings, an amount payable which, over a closed period of
19 20 years for participating municipalities and 10 years for
20 participating instrumentalities, will amortize, at the
21 effective rate for that year, any unfunded obligation. The
22 unfunded obligation shall be computed as provided in
23 paragraph 2 of subsection (b);

24 5. if it has fewer than 7 participating employees or a
25 negative balance in its municipality reserve, the greater
26 of (A) an amount payable that, over a period of 20 years,

1 will amortize at the effective rate for that year any
2 unfunded obligation, computed as provided in paragraph 2
3 of subsection (b) or (B) the amount required by paragraph
4 1 of this subsection (a).

5 (b) A separate municipality contribution rate shall be
6 determined for each calendar year for all participating
7 municipalities together with all instrumentalities thereof.
8 The municipality contribution rate shall be determined for
9 participating instrumentalities as if they were participating
10 municipalities. The municipality contribution rate shall be
11 the sum of the following percentages:

12 1. The percentage of earnings of all the participating
13 employees of all participating municipalities and
14 participating instrumentalities which, if paid over the
15 entire period of their service, will be sufficient when
16 combined with all employee contributions available for the
17 payment of benefits, to provide all annuities for
18 participating employees, and the \$8,000 (\$3,000 for those
19 who first retired prior to the effective date of this
20 amendatory Act of the 104th General Assembly) \$3,000 death
21 benefit payable under Sections 7-158 and 7-164, such
22 percentage to be known as the normal cost rate.

23 2. The percentage of earnings of the participating
24 employees of each participating municipality and
25 participating instrumentalities necessary to adjust for
26 the difference between the present value of all benefits,

1 excluding temporary and total and permanent disability and
2 death benefits, to be provided for its participating
3 employees and the sum of its accumulated municipality
4 contributions and the accumulated employee contributions
5 and the present value of expected future employee and
6 municipality contributions pursuant to subparagraph 1 of
7 this paragraph (b). This adjustment shall be spread over a
8 period determined by the Board, not to exceed 30 years for
9 participating municipalities or 10 years for participating
10 instrumentalities.

11 3. The percentage of earnings of the participating
12 employees of all municipalities and participating
13 instrumentalities necessary to provide the present value
14 of all temporary and total and permanent disability
15 benefits granted during the most recent year for which
16 information is available.

17 4. The percentage of earnings of the participating
18 employees of all participating municipalities and
19 participating instrumentalities necessary to provide the
20 present value of the net single sum death benefits
21 expected to become payable from the reserve established
22 under Section 7-206 during the year for which this rate is
23 fixed.

24 5. The percentage of earnings necessary to meet any
25 deficiency arising in the Terminated Municipality Reserve.

26 (c) A separate municipality contribution rate shall be

1 computed for each participating municipality or participating
2 instrumentality for its sheriff's law enforcement employees.

3 A separate municipality contribution rate shall be
4 computed for the sheriff's law enforcement employees of each
5 forest preserve district that elects to have such employees.
6 For the period from January 1, 1986 to December 31, 1986, such
7 rate shall be the forest preserve district's regular rate plus
8 2%.

9 In the event that the Board determines that there is an
10 actuarial deficiency in the account of any municipality with
11 respect to a person who has elected to participate in the Fund
12 under Section 3-109.1 of this Code, the Board may adjust the
13 municipality's contribution rate so as to make up that
14 deficiency over such reasonable period of time as the Board
15 may determine.

16 (d) The Board may establish a separate municipality
17 contribution rate for all employees who are program
18 participants employed under the federal Comprehensive
19 Employment Training Act by all of the participating
20 municipalities and instrumentalities. The Board may also
21 provide that, in lieu of a separate municipality rate for
22 these employees, a portion of the municipality contributions
23 for such program participants shall be refunded or an extra
24 charge assessed so that the amount of municipality
25 contributions retained or received by the fund for all CETA
26 program participants shall be an amount equal to that which

1 would be provided by the separate municipality contribution
2 rate for all such program participants. Refunds shall be made
3 to prime sponsors of programs upon submission of a claim
4 therefor and extra charges shall be assessed to participating
5 municipalities and instrumentalities. In establishing the
6 municipality contribution rate as provided in paragraph (b) of
7 this Section, the use of a separate municipality contribution
8 rate for program participants or the refund of a portion of the
9 municipality contributions, as the case may be, may be
10 considered.

11 (e) Computations of municipality contribution rates for
12 the following calendar year shall be made prior to the
13 beginning of each year, from the information available at the
14 time the computations are made, and on the assumption that the
15 employees in each participating municipality or participating
16 instrumentality at such time will continue in service until
17 the end of such calendar year at their respective rates of
18 earnings at such time.

19 (f) Any municipality which is the recipient of State
20 allocations representing that municipality's contributions for
21 retirement annuity purposes on behalf of its employees as
22 provided in Section 12-21.16 of the Illinois Public Aid Code
23 shall pay the allocations so received to the Board for such
24 purpose. Estimates of State allocations to be received during
25 any taxable year shall be considered in the determination of
26 the municipality's tax rate for that year under Section 7-171.

1 If a special tax is levied under Section 7-171, none of the
2 proceeds may be used to reimburse the municipality for the
3 amount of State allocations received and paid to the Board.
4 Any multiple-county or consolidated health department which
5 receives contributions from a county under Section 11.2 of "An
6 Act in relation to establishment and maintenance of county and
7 multiple-county health departments", approved July 9, 1943, as
8 amended, or distributions under Section 3 of the Department of
9 Public Health Act, shall use these only for municipality
10 contributions by the health department.

11 (g) Municipality contributions for the several purposes
12 specified shall, for township treasurers and employees in the
13 offices of the township treasurers who meet the qualifying
14 conditions for coverage hereunder, be allocated among the
15 several school districts and parts of school districts
16 serviced by such treasurers and employees in the proportion
17 which the amount of school funds of each district or part of a
18 district handled by the treasurer bears to the total amount of
19 all school funds handled by the treasurer.

20 From the funds subject to allocation among districts and
21 parts of districts pursuant to the School Code, the trustees
22 shall withhold the proportionate share of the liability for
23 municipality contributions imposed upon such districts by this
24 Section, in respect to such township treasurers and employees
25 and remit the same to the Board.

26 The municipality contribution rate for an educational

1 service center shall initially be the same rate for each year
2 as the regional office of education or school district which
3 serves as its administrative agent. When actuarial data become
4 available, a separate rate shall be established as provided in
5 subparagraph (i) of this Section.

6 The municipality contribution rate for a public agency,
7 other than a vocational education cooperative, formed under
8 the Intergovernmental Cooperation Act shall initially be the
9 average rate for the municipalities which are parties to the
10 intergovernmental agreement. When actuarial data become
11 available, a separate rate shall be established as provided in
12 subparagraph (i) of this Section.

13 (h) Each participating municipality and participating
14 instrumentality shall make the contributions in the amounts
15 provided in this Section in the manner prescribed from time to
16 time by the Board and all such contributions shall be
17 obligations of the respective participating municipalities and
18 participating instrumentalities to this fund. The failure to
19 deduct any employee contributions shall not relieve the
20 participating municipality or participating instrumentality of
21 its obligation to this fund. Delinquent payments of
22 contributions due under this Section may, with interest, be
23 recovered by civil action against the participating
24 municipalities or participating instrumentalities.
25 Municipality contributions, other than the amount necessary
26 for employee contributions, for periods of service by

1 employees from whose earnings no deductions were made for
2 employee contributions to the fund, may be charged to the
3 municipality reserve for the municipality or participating
4 instrumentality.

5 (i) Contributions by participating instrumentalities shall
6 be determined as provided herein except that the percentage
7 derived under subparagraph 2 of paragraph (b) of this Section,
8 and the amount payable under subparagraph 4 of paragraph (a)
9 of this Section, shall be based on an amortization period of 10
10 years.

11 (j) Notwithstanding the other provisions of this Section,
12 the additional unfunded liability accruing as a result of
13 Public Act 94-712 shall be amortized over a period of 30 years
14 beginning on January 1 of the second calendar year following
15 the calendar year in which Public Act 94-712 takes effect,
16 except that the employer may provide for a longer amortization
17 period by adopting a resolution or ordinance specifying a
18 35-year or 40-year period and submitting a certified copy of
19 the ordinance or resolution to the fund no later than June 1 of
20 the calendar year following the calendar year in which Public
21 Act 94-712 takes effect.

22 (k) If the amount of a participating employee's reported
23 earnings for any of the 12-month periods used to determine the
24 final rate of earnings exceeds the employee's 12-month
25 reported earnings with the same employer for the previous year
26 by the greater of 6% or 1.5 times the annual increase in the

1 Consumer Price Index-U, as established by the United States
2 Department of Labor for the preceding September, the
3 participating municipality or participating instrumentality
4 that paid those earnings shall pay to the Fund, in addition to
5 any other contributions required under this Article, the
6 present value of the increase in the pension resulting from
7 the portion of the increase in reported earnings that is in
8 excess of the greater of 6% or 1.5 times the annual increase in
9 the Consumer Price Index-U, as determined by the Fund. This
10 present value shall be computed on the basis of the actuarial
11 assumptions and tables used in the most recent actuarial
12 valuation of the Fund that is available at the time of the
13 computation.

14 Whenever it determines that a payment is or may be
15 required under this subsection (k), the fund shall calculate
16 the amount of the payment and bill the participating
17 municipality or participating instrumentality for that amount.
18 The bill shall specify the calculations used to determine the
19 amount due. If the participating municipality or participating
20 instrumentality disputes the amount of the bill, it may,
21 within 30 days after receipt of the bill, apply to the fund in
22 writing for a recalculation. The application must specify in
23 detail the grounds of the dispute. Upon receiving a timely
24 application for recalculation, the fund shall review the
25 application and, if appropriate, recalculate the amount due.
26 The participating municipality and participating

1 instrumentality contributions required under this subsection
2 (k) may be paid in the form of a lump sum within 90 days after
3 receipt of the bill. If the participating municipality and
4 participating instrumentality contributions are not paid
5 within 90 days after receipt of the bill, then interest will be
6 charged at a rate equal to the fund's annual actuarially
7 assumed rate of return on investment compounded annually from
8 the 91st day after receipt of the bill. Payments must be
9 concluded within 3 years after receipt of the bill by the
10 participating municipality or participating instrumentality.

11 When assessing payment for any amount due under this
12 subsection (k), the fund shall exclude earnings increases
13 resulting from overload or overtime earnings.

14 When assessing payment for any amount due under this
15 subsection (k), the fund shall exclude earnings increases
16 resulting from payments for unused vacation time, but only for
17 payments for unused vacation time made in the final 3 months of
18 the final rate of earnings period.

19 When assessing payment for any amount due under this
20 subsection (k), the fund shall also exclude earnings increases
21 attributable to standard employment promotions resulting in
22 increased responsibility and workload.

23 When assessing payment for any amount due under this
24 subsection (k), the fund shall exclude reportable earnings
25 increases resulting from periods where the member was paid
26 through workers' compensation.

1 This subsection (k) does not apply to earnings increases
2 due to amounts paid as required by federal or State law or
3 court mandate or to earnings increases due to the
4 participating employee returning to the regular number of
5 hours worked after having a temporary reduction in the number
6 of hours worked.

7 This subsection (k) does not apply to earnings increases
8 paid to individuals under contracts or collective bargaining
9 agreements entered into, amended, or renewed before January 1,
10 2012 (the effective date of Public Act 97-609), earnings
11 increases paid to members who are 10 years or more from
12 retirement eligibility, or earnings increases resulting from
13 an increase in the number of hours required to be worked.

14 When assessing payment for any amount due under this
15 subsection (k), the fund shall also exclude earnings
16 attributable to personnel policies adopted before January 1,
17 2012 (the effective date of Public Act 97-609) as long as those
18 policies are not applicable to employees who begin service on
19 or after January 1, 2012 (the effective date of Public Act
20 97-609).

21 The change made to this Section by Public Act 100-139 is a
22 clarification of existing law and is intended to be
23 retroactive to January 1, 2012 (the effective date of Public
24 Act 97-609).

25 (Source: P.A. 102-849, eff. 5-13-22; 103-464, eff. 8-4-23.)

(40 ILCS 5/7-205) (from Ch. 108 1/2, par. 7-205)

Sec. 7-205. Reserves for annuities. Appropriate reserves shall be created for payment of all annuities granted under this Article at the time such annuities are granted and in amounts determined to be necessary under actuarial tables adopted by the Board upon recommendation of the actuary of the fund. All annuities payable shall be charged to the annuity reserve.

1. Amounts credited to annuity reserves shall be derived by transfer of all the employee credits from the appropriate employee reserves and by charges to the municipality reserve of those municipalities in which the retiring employee has accumulated service. If a retiring employee has accumulated service in more than one participating municipality or participating instrumentality, the municipality charges for non-concurrent service shall be calculated as follows:

(A) for purposes of calculating the annuity reserve, an annuity will be calculated based on service and adjusted earnings with each employer (without regard to the vesting requirement contained in subsection (a) of Section 7-142); and

(B) the difference between the municipality charges for the actual annuity granted and the aggregation of the municipality charges based upon the ratio of each from those calculations to the aggregated total from paragraph (A) of this item 1.

1 Aggregate municipality charges for concurrent service
2 shall be prorated based on the employee's earnings. The
3 municipality charges for retirement annuities calculated under
4 subparagraph a. of paragraph 1. of subsection (a) of Section
5 7-142 shall be prorated based on actual contributions.

6 2. Supplemental annuities shall be handled as a separate
7 annuity and amounts to be credited to the annuity reserve
8 therefor shall be derived in the same manner as a regular
9 annuity.

10 3. When a retirement annuity is granted to an employee
11 with a spouse eligible for a surviving spouse annuity, there
12 shall be credited to the annuity reserve an amount to fund the
13 cost of both the retirement and surviving spouse annuity as a
14 joint and survivors annuity.

15 4. Beginning January 1, 1989, when a retirement annuity is
16 awarded, an amount equal to the present value of the \$8,000
17 (\$3,000 for those who first retired prior to the effective
date of this amendatory Act of the 104th General Assembly)
18 ~~\$3,000~~ death benefit payable upon the death of the annuitant
19 shall be transferred to the annuity reserve from the
20 appropriate municipality reserves in the same manner as the
21 transfer for annuities.

23 5. All annuity reserves shall be revalued annually as of
24 December 31. Beginning as of December 31, 1973, adjustment
25 required therein by such revaluation shall be charged or
26 credited to the earnings and experience variation reserve.

1 6. There shall be credited to the annuity reserve all of
2 the payments made by annuitants under Section 7-144.2, plus an
3 additional amount from the earnings and experience variation
4 reserve to fund the cost of the incremental annuities granted
5 to annuitants making these payments.

6 7. As of December 31, 1972, the excess in the annuity
7 reserve shall be transferred to the municipality reserves. An
8 amount equal to the deficiency in the reserve of participating
9 municipalities and participating instrumentalities which have
10 no participating employees shall be allocated to their
11 reserves. The remainder shall be allocated in amounts
12 proportionate to the present value, as of January 1, 1972, of
13 annuities of annuitants of the remaining participating
14 municipalities and participating instrumentalities.

15 (Source: P.A. 97-319, eff. 1-1-12; 97-609, eff. 1-1-12;
16 97-813, eff. 7-13-12.)

17 (40 ILCS 5/7-206) (from Ch. 108 1/2, par. 7-206)

18 Sec. 7-206. Death Reserve. All death benefit payments
19 shall be charged to the Death Reserve, other than the \$8,000
20 (\$3,000 for those who first retired prior to the effective
21 date of this amendatory Act of the 104th General Assembly)
22 ~~\$3,000~~ death benefits paid after December 31, 1988 upon the
23 death of an annuitant. All contributions for death purposes
24 under Section 7-172(b)4 shall be credited to the same reserve.
25 Whenever the balance in such reserve at the close of a year

1 exceeds 100% of the average annual charges to this account
2 during the 3 preceding calendar years, the basic actuarial
3 assumptions upon which municipality contribution rates for
4 these purposes are based, shall be reviewed and revised in
5 such manner as is deemed necessary to reduce such balance.

6 (Source: P.A. 89-136, eff. 7-14-95.)

7 Section 99. Effective date. This Act takes effect January
8 1, 2026.