



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB1374

Introduced 1/29/2025, by Sen. Chapin Rose

SYNOPSIS AS INTRODUCED:

40 ILCS 5/15-139.5

Amends the State Universities Article of the Illinois Pension Code. In a provision concerning additional employer contributions for employers that employ or re-employ affected annuitants, provides that the required employer contribution for employment of an affected annuitant in an academic year shall be equal to the lesser of: (1) 3 times the amount of the gross monthly retirement annuity payable to the annuitant for the month in which the first paid day of that employment in that academic year occurs, after any reduction in that annuity that may be imposed under a specified provision; or (2) \$100,000 (instead of equal to 12 times the amount of the gross monthly retirement annuity payable to the annuitant for the month in which the first paid day of that employment in that academic year occurs, after any reduction in that annuity that may be imposed under a specified provision). Provides that the changes to the required employer contribution made by the amendatory Act apply to employer contributions required on or after January 1, 2021. Provides that a person who becomes an affected annuitant remains an affected annuitant, except for any period during which the annuitant received, or became entitled to receive, during an academic year compensation for that employment equal to 40% or less of his or her highest annual earnings prior to retirement. Effective immediately.

LRB104 09777 RPS 19843 b

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 Section 15-139.5 as follows:

6 (40 ILCS 5/15-139.5)

7 Sec. 15-139.5. Return to work by affected annuitant;
8 notice and contribution by employer.

9 (a) An employer who employs or re-employs a person
10 receiving a retirement annuity from the System in an academic
11 year beginning on or after August 1, 2013 must notify the
12 System of that employment within 60 days after employing the
13 annuitant. The notice must include a summary of the contract
14 of employment or specify the rate of compensation and the
15 anticipated length of employment of that annuitant. The notice
16 must specify whether the annuitant will be compensated from
17 federal, corporate, foundation, or trust funds or grants of
18 State funds that identify the principal investigator by name.
19 The notice must include the employer's determination of
20 whether or not the annuitant is an "affected annuitant" as
21 defined in subsection (b).

22 The employer must also record, document, and certify to
23 the System (i) the amount of compensation paid to the

1 annuitant for employment during the academic year, and (ii)
2 the amount of that compensation, if any, that comes from
3 either federal, corporate, foundation, or trust funds or
4 grants of State funds that identify the principal investigator
5 by name.

6 As used in this Section, "academic year" means the
7 12-month period beginning September 1.

8 For the purposes of this Section, an annuitant whose
9 employment by an employer extends over more than one academic
10 year shall be deemed to be re-employed by that employer in each
11 of those academic years.

12 The System may specify the time, form, and manner of
13 providing the determinations, notifications, certifications,
14 and documentation required under this Section.

15 (b) A person receiving a retirement annuity from the
16 System becomes an "affected annuitant" on the first day of the
17 academic year following the academic year in which the
18 annuitant first meets the following conditions:

19 (1) (Blank).

20 (2) While receiving a retirement annuity under this
21 Article, the annuitant was employed on or after August 1,
22 2013 by one or more employers under this Article and
23 received or became entitled to receive during an academic
24 year compensation for that employment in excess of 40% of
25 his or her highest annual earnings prior to retirement;
26 except that compensation paid from federal, corporate,

1 foundation, or trust funds or grants of State funds that
2 identify the principal investigator by name is excluded.

3 (3) The annuitant received an annualized retirement
4 annuity under this Article of at least \$10,000.

5 A person who becomes an affected annuitant remains an
6 affected annuitant, except for (i) any period during which the
7 person returns to active service and does not receive a
8 retirement annuity from the System; ~~or~~ (ii) any period on or
9 after the effective date of this amendatory Act of the 100th
10 General Assembly during which an annuitant received an
11 annualized retirement annuity under this Article that is less
12 than \$10,000; or (iii) any period during which the annuitant
13 received, or became entitled to receive, during an academic
14 year compensation for that employment equal to 40% or less of
15 his or her highest annual earnings prior to retirement.

16 (c) It is the obligation of the employer to determine
17 whether an annuitant is an affected annuitant before employing
18 the annuitant. For that purpose the employer may require the
19 annuitant to disclose and document his or her relevant prior
20 employment and earnings history. Failure of the employer to
21 make this determination correctly and in a timely manner or to
22 include this determination with the notification required
23 under subsection (a) does not excuse the employer from making
24 the contribution required under subsection (e).

25 The System may assist the employer in determining whether
26 a person is an affected annuitant. The System shall inform the

1 employer if it discovers that the employer's determination is
2 inconsistent with the employment and earnings information in
3 the System's records.

4 (d) Upon the request of an annuitant, the System shall
5 certify to the annuitant or the employer the following
6 information as reported by the employers, as that information
7 is indicated in the records of the System: (i) the annuitant's
8 highest annual earnings prior to retirement, (ii) the
9 compensation paid for that employment in each academic year,
10 and (iii) whether any of that employment or compensation has
11 been certified to the System as being paid from federal,
12 corporate, foundation, or trust funds or grants of State funds
13 that identify the principal investigator by name. The System
14 shall only be required to certify information that is received
15 from the employers.

16 (e) In addition to the requirements of subsection (a), an
17 employer who employs an affected annuitant must pay to the
18 System an employer contribution in the amount and manner
19 provided in this Section, unless the annuitant is compensated
20 by that employer solely from federal, corporate, foundation,
21 or trust funds or grants of State funds that identify the
22 principal investigator by name.

23 The employer contribution required under this Section for
24 employment of an affected annuitant in an academic year shall
25 be equal to the lesser of: (1) 3 ~~42~~ times the amount of the
26 gross monthly retirement annuity payable to the annuitant for

1 the month in which the first paid day of that employment in
2 that academic year occurs, after any reduction in that annuity
3 that may be imposed under subsection (b) of Section 15-139; or
4 (2) \$100,000.

5 If an affected annuitant is employed by more than one
6 employer in an academic year, the employer contribution
7 required under this Section shall be divided among those
8 employers in proportion to their respective portions of the
9 total compensation paid to the affected annuitant for that
10 employment during that academic year.

11 If the System determines that an employer, without
12 reasonable justification, has failed to make the determination
13 of affected annuitant status correctly and in a timely manner,
14 or has failed to notify the System or to correctly document or
15 certify to the System any of the information required by this
16 Section, and that failure results in a delayed determination
17 by the System that a contribution is payable under this
18 Section, then the amount of that employer's contribution
19 otherwise determined under this Section shall be doubled.

20 The System shall deem a failure to correctly determine the
21 annuitant's status to be justified if the employer establishes
22 to the System's satisfaction that the employer, after due
23 diligence, made an erroneous determination that the annuitant
24 was not an affected annuitant due to reasonable reliance on
25 false or misleading information provided by the annuitant or
26 another employer, or an error in the annuitant's official

1 employment or earnings records.

2 The changes to this subsection (e) made by this amendatory
3 Act of the 104th General Assembly apply to employer
4 contributions required on or after January 1, 2021.

5 (f) Whenever the System determines that an employer is
6 liable for a contribution under this Section, it shall so
7 notify the employer and certify the amount of the
8 contribution. The employer may pay the required contribution
9 without interest at any time within one year after receipt of
10 the certification. If the employer fails to pay within that
11 year, then interest shall be charged at a rate equal to the
12 System's prescribed rate of interest, compounded annually from
13 the 366th day after receipt of the certification from the
14 System. Payment must be concluded within 2 years after receipt
15 of the certification by the employer. If the employer fails to
16 make complete payment, including applicable interest, within 2
17 years, then the System may, after giving notice to the
18 employer, certify the delinquent amount to the State
19 Comptroller, and the Comptroller shall thereupon deduct the
20 certified delinquent amount from State funds payable to the
21 employer and pay them instead to the System.

22 (g) If an employer is required to make a contribution to
23 the System as a result of employing an affected annuitant and
24 the annuitant later elects to forgo his or her annuity in that
25 same academic year pursuant to subsection (c) of Section
26 15-139, then the required contribution by the employer shall

1 be waived, and if the contribution has already been paid, it
2 shall be refunded to the employer without interest.

3 (h) Notwithstanding any other provision of this Article,
4 the employer contribution required under this Section shall
5 not be included in the determination of any benefit under this
6 Article or any other Article of this Code, regardless of
7 whether the annuitant returns to active service, and is in
8 addition to any other State or employer contribution required
9 under this Article.

10 (i) Notwithstanding any other provision of this Section to
11 the contrary, if an employer employs an affected annuitant in
12 order to continue critical operations in the event of either
13 an employee's unforeseen illness, accident, or death or a
14 catastrophic incident or disaster, then, for one and only one
15 academic year, the employer is not required to pay the
16 contribution set forth in this Section for that annuitant. The
17 employer shall, however, immediately notify the System upon
18 employing a person subject to this subsection (i). For the
19 purposes of this subsection (i), "critical operations" means
20 teaching services, medical services, student welfare services,
21 and any other services that are critical to the mission of the
22 employer.

23 (j) This Section shall be applied and coordinated with the
24 regulatory obligations contained in the State Universities
25 Civil Service Act. This Section shall not apply to an
26 annuitant if the employer of that annuitant provides

1 documentation to the System that (1) the annuitant is employed
2 in a status appointment position, as that term is defined in 80
3 Ill. Adm. Code 250.80, and (2) due to obligations contained
4 under the State Universities Civil Service Act, the employer
5 does not have the ability to limit the earnings or duration of
6 employment for the annuitant while employed in the status
7 appointment position.

8 (Source: P.A. 100-556, eff. 12-8-17.)

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