

**SB1374**



**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

**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 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~~ <sup>12</sup> 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.