



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1825

Introduced 2/9/2023, 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 805/8.47 new	

Amends the Illinois Municipal Retirement Fund (IMRF) Article of the Illinois Pension Code. Provides that if any annuitant under the Article 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 participating municipality or participating instrumentality may be required to reimburse the Fund for an amount up to the total (instead of one-half 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, less any amount actually repaid by the annuitant. 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. Effective January 1, 2024.

LRB103 24928 RPS 51262 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 participating municipality or participating
16 instrumentality may be required to reimburse the Fund for an
17 amount up to the total of any annuity payments made to the
18 annuitant after the date the annuity should have been
19 suspended, as determined by the Board, less any amount
20 actually repaid by the annuitant. In no case shall the total
21 amount repaid by the annuitant plus any amount reimbursed by
22 the employer to the Fund be more than the total of all annuity
23 payments made to the annuitant after the date the annuity
24 should have been suspended.

25 (b) Retirement annuities shall be payable:

26 1. As provided in Section 7-119;

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

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

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

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

15 (40 ILCS 5/7-144) (from Ch. 108 1/2, par. 7-144)

16 Sec. 7-144. Retirement annuities; suspended annuities
17 ~~suspended~~ during employment.

18 (a) If any person receiving any annuity again becomes an
19 employee and receives earnings from employment in a position
20 requiring him, or entitling him to elect, to become a
21 participating employee, then the annuity payable to such
22 employee shall be suspended as of the first ~~1st~~ day of the
23 month coincidental with or next following the date upon which
24 such person becomes such an employee, unless the person is
25 authorized under subsection (b) of Section 7-137.1 of this

1 Code to continue receiving a retirement annuity during that
2 period. Upon proper qualification of the participating
3 employee payment of such annuity may be resumed on the first
4 ~~1st~~ day of the month following such qualification and upon
5 proper application therefor. The participating employee in
6 such case shall be entitled to a supplemental annuity arising
7 from service and credits earned subsequent to such re-entry as
8 a participating employee.

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

19 (a-5) If any annuitant under this Article must be
20 considered a participating employee per the provisions of
21 subsection (a) of this Section~~7~~ and the participating
22 municipality or participating instrumentality that employs or
23 re-employs that annuitant knowingly fails to notify the Board
24 to suspend the annuity, the participating municipality or
25 participating instrumentality may be required to reimburse the
26 Fund for an amount up to ~~one half of~~ the total of any annuity

1 payments made to the annuitant after the date the annuity
2 should have been suspended, as determined by the Board, less
3 any amount actually repaid by the annuitant. In no case shall
4 the total amount repaid by the annuitant plus any amount
5 reimbursed by the employer to the Fund be more than the total
6 of all annuity payments made to the annuitant after the date
7 the annuity should have been suspended. ~~This subsection shall~~
8 ~~not apply if the annuitant returned to work for the employer~~
9 ~~for less than 12 months.~~

10 The Fund shall notify all annuitants that they must notify
11 the Fund immediately if they return to work for any
12 participating employer. The notification by the Fund shall
13 occur upon retirement and no less than annually thereafter in
14 a format determined by the Fund. The Fund shall also develop
15 and maintain a system to track annuitants who have returned to
16 work and notify the participating employer and annuitant at
17 least annually of the limitations on returning to work under
18 this Section.

19 (b) Supplemental annuities to persons who return to
20 service for less than 48 months shall be computed under the
21 provisions of Sections 7-141, 7-142, and 7-143. In determining
22 whether an employee is eligible for an annuity which requires
23 a minimum period of service, his entire period of service
24 shall be taken into consideration but the supplemental annuity
25 shall be based on earnings and service in the supplemental
26 period only. The effective date of the suspended and

1 supplemental annuity for the purpose of increases after
2 retirement shall be considered to be the effective date of the
3 suspended annuity.

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

7 (1) An amount shall be computed under subparagraph b
8 of paragraph (1) of subsection (a) of Section 7-142,
9 considering all of the service credits of the employee.~~†~~

10 (2) The actuarial value in monthly payments for life
11 of the annuity payments made before suspension shall be
12 determined and subtracted from the amount determined in
13 paragraph (1) above.~~†~~

14 (3) The monthly amount of the suspended annuity, with
15 any applicable increases after retirement computed from
16 the effective date to the date of reinstatement, shall be
17 subtracted from the amount determined in paragraph (2)
18 above and the remainder shall be the amount of the
19 supplemental annuity provided that this amount shall not
20 be less than the amount computed under subsection (b) of
21 this Section.

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

25 (5) The effective date of the combined suspended and
26 supplemental annuities for the purposes of increases after

1 retirement shall be considered to be the effective date of
2 the supplemental annuity.

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

13 (e) If a Tier 2 regular employee first began participation
14 on or after January 1, 2012 and is receiving a retirement
15 annuity and accepts on a contractual basis a position to
16 provide services to a governmental entity from which he or she
17 has retired, then that person's annuity or retirement pension
18 shall be suspended during that contractual service,
19 notwithstanding the provisions of any other Section in this
20 Article. Such annuitant shall notify the Fund, as well as his
21 or her contractual employer, of his or her retirement status
22 before accepting contractual employment. A person who fails to
23 submit such notification shall be guilty of a Class A
24 misdemeanor and required to pay a fine of \$1,000. Upon
25 termination of that contractual employment, the person's
26 retirement annuity shall resume and be recalculated as

1 required by this Section.

2 (Source: P.A. 102-210, eff. 1-1-22; revised 8-19-22.)

3 Section 90. The State Mandates Act is amended by adding
4 Section 8.47 as follows:

5 (30 ILCS 805/8.47 new)

6 Sec. 8.47. Exempt mandate. Notwithstanding Sections 6 and
7 8 of this Act, no reimbursement by the State is required for
8 the implementation of any mandate created by this amendatory
9 Act of the 103rd General Assembly.

10 Section 99. Effective date. This Act takes effect January
11 1, 2024.